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FINANCIAL TIMES

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NEWS SUMMARY

GENERAL

Court clears U.K. of torture

The European Court of Human Rights yesterday cleared Britain of Irish charges that its security forces in Northern Ireland tortured suspected IRA terrorists.

But the Strasbourg court voted that there was evidence that British security forces used inhuman and degrading methods of interrogation between August and October, 1971.

The Irish Government said last night that the case had succeeded in outlawing in Northern Ireland the use of interrogation methods which the European Commission on Human Rights did not hesitate to call torture. Back and Pages 2, 14

Former MP's body found

The body of Mr. Walter Scott-Elliot, the 82-year-old former Labour MP, who had been missing with his wife for more than a month was found in Scottish Highland yesterday. Police said they were investigating at least four other murders or suspected murders.

Two men held by Lothians and Border police are to appear at Haddington Sheriff Court near Edinburgh to-day on a holding charge, Det. Chief Supt. George McPherson said in Edinburgh last night. "Serious charges" would follow in one or two days.

Brezhnev puzzle

Mr. Leonid Brezhnev, the Soviet President, has postponed a planned visit to West Germany next month on health grounds. The postponement has given rise to renewed speculation about Mr. Brezhnev's future.

Ethiopian threat

Ethiopia is to launch a counter-offensive aimed at driving Somali forces out of the Ogaden region, a senior Ethiopian official said in London. Back, Pages 4 and 6. Editorial comment Page 22

Grunwick talks

Mr. George Ward, managing director of the strike-torn Grunwick film processing business, held talks in London yesterday with Mr. Jim Mortimer, chairman of the Advisory, Conciliation and Arbitration Service.

Weather chaos

After a chaotic day on the roads during which a trapped driver died in a burning van as dense fog enveloped parts of the M1, freezing fog covered many parts of Britain last night. Heathrow Airport was badly hit with many international arrivals diverted to Manchester, Amsterdam and Brussels, although some departures were possible.

By-election test

The death yesterday of Mr. William Small, 68, Labour MP for Glasgow, Garscadden, means that the Government will face a crucial by-election contest with the Scottish National Party in the spring. At the general election Mr. Small had a 7,637 majority over the SNP. Page 14

Uncharted waters

A Californian business is doing a brisk trade selling the fishing rights of plots on Mars and Venus at £2 a time, Angler's Mail reports.

Briefly . . .

A teacher and 13 schoolgirls were injured in a chemistry laboratory explosion at a Tooting, London, comprehensive school.

Dr. Colin Morris, a Methodist minister, has been appointed head of BBC TV religious programmes.

Lions at a Gelsenkirchen, West Germany, zoo have eaten a man who broke into their cage after sawing through the bars.

Mr. Curtis Keeble, 55, is to be British ambassador to the Soviet Union.

Prince Charles is to pay official visits to Brazil and Venezuela in March.

BUSINESS

Equities up 5: Gilts improve

● **EQUITIES** took a turn for the better and closed near the day's best with the FT Ordinary Index 5.4 up at 476.3, recouping half of the 10-point fall since last Friday.

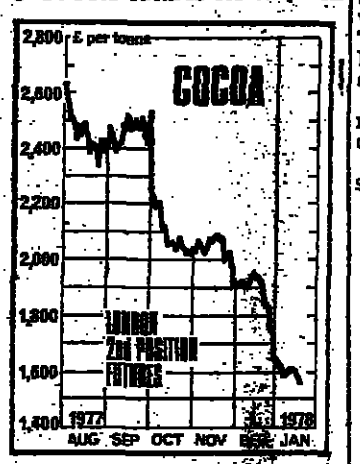
● **GILTS** benefited from late trading and shorts gained ½ and longs ⅛. The Government Securities Index closed 0.26 up at 77.00.

● **STERLING** gained 5 points to $1.9245, its trade-weighted index unchanged at 65.8. The dollar's depreciation narrowed to 4.47 per cent. (4.56).

● **GOLD** fell $1 to $171⅞.

● **WALL STREET** was 3.20 up at 782.22 just before the close.

● **COCOA** futures for May fell



to a 15-month low of £1,558 a tonne.

● **NEW** £1 notes, smaller than the present note and in series with the £5 notes, are to be issued next month, probably on February 9, the deputy governor of the Bank of England said.

● **VAT** payment threshold may be increased from £7,500 to £10,000 in an effort to help small businesses, Mr. Harold Lever has said. Back Page

● **MONEY SUPPLY** growth should remain at 13 per cent. throughout 1978, but short-term interest rates may rise again, according to a monetary economist bulletin. Page 7.

● **MORTGAGE** brokers have agreed to drop a maximum commission agreement rather than face of Restrictive Practices Court hearing. Page 15

BSC will give plans

● BSC has agreed to submit to the Select Committee on Nationalised Industries detailed information of its financial plans. At the same time, a steelworkers' union is insisting on a 10 per cent. wage claim being met before redundancy discussions start for the steel plant closure at Cardiff. Back Page

● **PURCHASING** sanctions taken by the Government against a number of heating and ventilating contracting companies have forced revision of a pay deal to about 30,000 fitters to comply with the 10 per cent. guidelines. Page 15

● **ASTMS** has won union recognition from the multinational chemical company, Du Pont, which the union described as the "most anti-union in the world." Page 15

● **CONTINGENCY** plans in the event of an oil tanker-drivers' strike are being given the final touches by Government planning teams. Back Page and News Analysis, Page 15

COMPANIES

● **ALLIED RETAILERS** pre-tax profit for the 28 weeks to October 15 rose from £1.2m. to £1.61m. Page 24

● **MADAME TUSSAUD'S** directors have reached agreement with S. Pearson and Son on the terms of an increased offer. Page 27

Sadat orders his Israel peace team to return home

BY ROGER MATTHEWS: JERUSALEM, Jan. 18

Egypt's delegation in Jerusalem was ordered home to-night by President Anwar Sadat after less than 36 hours of peace negotiations with Israel.

Despite Mr. Sadat's anger at Israeli attitudes, especially towards the Palestinian Arabs issue, it is still too soon to write off his peace initiative. Just how serious the recall of the Egyptian delegation is may become clearer when Mr. Sadat addresses the People's Assembly in Cairo on Saturday.

The Egyptian delegation to the political committee which was meeting here was caught totally off balance by President Sadat's telephone call shortly before 7 p.m. to Mr. Mohammed Ibrahim Kamel, Foreign Minister. Journalists gave the news to several senior members of the delegations who hurried to their rooms in the Hilton hotel to prepared for departure.

Mr. Kamel left the hotel shortly before 9.30 and drove to the Prime Minister's office for discussions with Mr. Begin. He was then expected to drive to Tel Aviv airport where an Egyptian aircraft had arrived to collect the delegation.

Mr. Kamel said: "We are going round in circles. It is a vicious circle."

Only two hours before, his spokesman had declared that to-day's talks were proving useful, adding: "We will continue with them."

The recall evidently was prompted by deadlock on the first item on the agenda. This was the declaration of principles which should govern peace negotiations and particularly the reference to the Palestinians' "legitimate" rights sought by Egypt—and believed to have been endorsed by the U.S.

Israel's Cabinet went into session at 8 p.m. to-night.

The decision to call the meeting had been taken this afternoon when it became clear that Mr. Cyrus Vance, U.S. Secretary of State, was urging important *concessions on the right to self-*determination for Palestinians.

Members of the U.S. delegation were no less startled by Mr. Sadat's announcement. Mr. Carter Hodding, its spokesman, said that he was unable to give any explanation for its recall.

Earlier the word was that progress was being made but that the question of the Palestinians and the future of the West Bank and Gaza Strip, and the Jewish settlements in Sinai were still stumbling blocks.

Mr. Vance said: "I would not say that the talks have broken down. I have been through a lot of international negotiations and have seen ups and downs in the past."

Mr. Vance is to hold talks with Mr. Begin to-morrow morning.

Mr. Ezer Weizman, Israeli *Defence Minister, who had been* in the hotel when Mr. Sadat's call came from Cairo, pushed his way to the entrance hall shouting out: "Just leave me alone." when asked if he was going as planned to Egypt for the meeting of the parallel military committee originally scheduled for to-morrow.

It was later confirmed officially in Cairo that the meeting there had been cancelled.

Although it had been anticipated that Mr. Sadat would not tolerate any Israeli delaying tactics, members of the Egyptian delegation felt just an hour before Mr. Sadat's decision that here were genuine signs that U.S. efforts were producing results.

No Saudi oil for Palestine Page 4

Healey urges Germany and Japan to expand

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

AN URGENT apeal to Japan, West Germany and other stronger economies to take action to boost their growth rates was made last night by Mr. Denis Healey, the Chancellor of the Exchequer.

Mr. Healey argued that abandonment by the U.S. of its growth target would not solve the recent problems of the dollar and the associated currency instability, but would be harmful to the rest of the world.

Instead there should be "more growth in countries outside the U.S. and effective energy programmes not only in the U.S. but elsewhere too" in order progressively to reduce the present extremes of balance of payments surplus and deficit.

Mr. Healey was speaking in London at the annual dinner of the French Chamber of Commerce in Britain. It was his first big speech on the international economic outlook since the eruption of the dollar crisis.

Mr. Healey was backing the call for action to maintain growth rates made in the recent report from the Organisation for Economic Co-operation and Development.

He warned that "the depressed level of world activity" was leading to dangerous strains in the economic and trading systems, with high unemployment. This was producing growing pressures for protectionism which could have disastrous consequences and could only be countered by *expanding world growth faster* once again.

Ambitious aim

The Chancellor also stressed the problems caused by recent exchange rate turbulance and argued that governments had a duty to counter erratic fluctuations in rates.

He advocated the "ambitious aim" of creating "a basis for collective international action to achieve greater stability in exchange rates by achieving greater convergence in international performance on growth and balance of payments."

He also discussed growth prospects *outside the U.S. and the* failure to achieve stated growth targets. "I believe that some of our partners in Europe and outside could grow a good deal faster without any risk of rekindling inflation," he said.

He referred specifically to West Germany and Japan and to the structural problems in their domestic economies which it would take some time to remove.

"But if they continue to add to balance of payments deficits elsewhere—which can be reduced only by deflation or by protection—this would reduce their own growth still further.

"Far better that they should deal with their structural problems by increasing domestic demand for their own industrial products and for those of their trading partners."

Three guilty in Racal case

FINANCIAL TIMES REPORTER

SENTENCE WILL be pased today on two former Racal executives and an Army officer who were found guilty at the Old Bailey yesterday of corruption relating to a £4m. Iranian military equipment contract.

Lt. Col. David Arthur Randel, 41, of Aldershot, Mr. Goeffrey Elliott Wellburn, 41, of Beaconsfield, and Mr. Frank Percival Nurdin, 61, of Barnet, were each convicted of three charges of *taking bribes from or offering* them to each other for help with a contract which Racal Electronics won in 1972 in the face of strong British and U.S. competition.

The contract was for the supply of radio equipment to be fitted in £100m.-worth of Chieftain *tanks which Iran ordered to* develop its armed forces.

Amounts listed in the charges totalled £14,300, but the Crown alleged that nearly £25,000 passed in bribes or expenses between the accused men while the deal was being negotiated.

As soon as Army inquiries into Lt.-Col. Randel's suspected corruption began in 1974, after he had been serving in Oman, both Mr. Wellburn, then managing director of Racal BCC, and Mr. Nurdin, the subsidiary's sales director, were dismissed by Mr. Ernest Harrison, chairman of the Racal group, on the ground *that they had acted without his* authority.

The trial lasted nearly three months. The jury was out for two days before finding Lt. Col. Randel guilty of corruptly accepting as a servant of the Crown sums of £7,000, £5,000, and £2,300 from Mr. Wellburn and Mr. Nurdin for showing favour to Racal BCC in 1972 in relation to the affairs of the Crown. He was found not guilty on the Judge's direction of a separate charge of receiving £120 in 1971.

Mr. Wellburn and Mr. Nurdin, who have since joined other business groups, were convicted of corruptly giving the amounts to Lt. Col. Randel, and were similarly found not guilty on the £120 charge.

The Crown had alleged that Lt.-Col. Randel demanded the money while part of the Defence Ministry team in Iran in 1972, for his efforts in helping Mr. Wellburn and Mr. Nurdin to get the contract to benefit their future careers.

He then either banked it or put it in safe deposits before leaving for a new post as a serving Army officer, helping the Sultan in Oman in 1973-74.

Both Mr. Wellburn and Mr. *Nurdin claimed* that they thought the money passed to Lt.-Col. Randel would be used to bribe middle-level Iranian officials.

The bribery factor Page 8

Chrysler to build new model at Ryton

By ARTHUR SMITH and TERRY DODSWORTH

CHRYSLER U.K. announced yesterday that it would switch production of its new car, planned for next year, from Linwood, Scotland, to Ryton, Coventry.

The move marks a fundamental shift in emphasis from the rescue deal negotiated with the Government in 1975, and must raise questions about the long-term future of the Scottish plant.

Chrysler is believed to have plans for a new model at Linwood in the early 1980s. Introduction is likely to depend on the performance of the troubled *plant and on whether the U.K.* operation can generate enough funds to justify the investment.

The new car scheduled for Ryton is likely to be a derivative of the successful Alpine model, and will be a four-door saloon with a boot. This underlines the present trend to offering hatchback models like the Alpine in more traditional configurations as well. It means the new car will be a front-wheel drive vehicle rather than rear-wheel, as originally planned.

The Chrysler decision is understood to have followed appraisal of European marketing operations.

A factor must have been the poor productivity record of the Scottish plant compared with Ryton, where output and productivity targets have been achieved consistently.

Production of the current hatchback Alpine model could be switched easily to Poissy, the *Chrysler plant in France,* to allow Ryton to concentrate on the new model. Investment would be limited, as the plant was expensively re-tooled only 18 months ago, ready for the Alpine.

Chrysler released its plans yesterday to the trade union management working party responsible for drawing up the planning agreement with Government. Talks broke down more than three months ago, when the trade unions demanded more information about Chrysler's model plans.

Part of the reason for the delay was the extensive discussions the company held with Whitehall.

The Department of Industry, which is closely monitoring Chrysler's operations in the U.K., has requested consultation with the Chrysler parent company in

Continued on Back Page

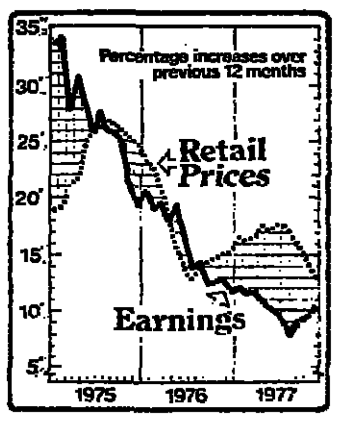
Leyland unions to see Varley Page 15

£ in New York

—	January 17	Previous
Spot	$1.9270-9280	$1.9320-9330
1 month	0.10-0.15 prem	0.12-0.17 prem.
3 months	0.31-0.36 prem	0.40-0.45 prem
12 months	0.95-1.15 prem	1.10-1.30 prem

First real rise in wages for two years

BY PETER RIDDELL, ECONOMICS CORRESPONDENT



THE RATE of increase in earnings is now clearly edging upwards and, for the first time in two years, the real value of wages has risen.

The evidence so far suggests that the rise in earnings is above the Government's 10 per cent. Phase Three guidelines, but the underlying trend is still obscured by the large number of workers who have delayed reaching new pay settlements.

The Department of Employment said yesterday that the index of average earnings rose by 1.9 per cent. in November to 300.2 (January 1970=100, seasonally adjusted).

This indicates a rise of 4¾ per cent. in the four months since the end of Phase Two and an annual rate of more than 14½ per cent.

The significance of this trend should not be exaggerated, partly because the recent increases include sizeable elements of back-pay. Moreover, in the previous phases of the pay policy the rate of increase was larger in the first half of the pay round than in the second.

Only a fraction of the workforce had accepted Phase Three deals by the end of November and even by mid-January only 20 per cent. (or 2.4m.) of those expected to be covered by major pay deals had settled. This compares with a normal total of 35 per cent. at this stage of the pay round.

Officials claim that 95 per cent. of these workers have settled within the 10 per cent. guide lines. But the guidelines have become rather ambiguous, as the limit for total earnings has often been treated as a norm for basic wages, ignoring possible drift.

It is still not clear how far the productivity element in some deals is genuinely self-financing or will add to unit labour costs.

Officials are becoming more optimistic than last autumn about the overall pay outcome, however, in view of the small number of public breaches. Although estimates vary within both Whitehall and the Treasury, the latest *indication given to the Cabinet* was of a rise in earnings of between 12 and 14 per cent. during Phase Three.

This compares with an estimate of 14 to 16 per cent. last autumn.

The rise in earnings since the late summer has been faster than *the increase in retail prices,* although this has not yet shown up in the 12-month rate. The earnings index increased by 10.3 per cent. in the year to November, while retail prices rose 13 per cent.

A new earnings index has recently been introduced, covering *10m. workers rather than the* 16m. on the old series, but it has not been operating long enough to show the short-term seasonally adjusted trend. Over the last 12 months, this index has risen by 8.5 per cent. to 120.1 (January 1976 = 100).

Industrial production has made little improvement in the last few months, and is still at a lower level than at the end of 1976, according to Government figures. Page 8

Editorial comment Page 22

Housing 'good year'

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

HIGH MORTGAGE lending throughout 1978 was predicted yesterday by the country's third *largest building society, the* Nationwide.

Mr. Leonard Williams, its chief general manager, said societies should be able to maintain their present mortgage programme of about £700m a month for the rest of the year, which would mean *total mortgage lending of* £8.5bn., against £6.7bn. in the previous 12 months.

This prospect, together with the latest cut in the mortgage *rate to 8½ per cent., would mean* "another good year for home buyers and the housing market, and better prospects for the building industry."

Mr. Williams pointed out that in recent years high inflation had been accompanied by high personal savings and in 1977 the *savings ratio had stayed over 13* per cent.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Treasury 8¼pc '82	£95¼	+ ⅛
Treasury 15¼pc '98	£133¾	+ ⅛
Allied Retailers	185	+ 7
Automated Security	56	+ 6
BSR	92	+ 5
Barclays Bank	343	+ 8
Bibby (J.)	223	+ 7
Bluebird Conf.	182	+ 14
Brent Walker	48	+ 5
Countryside Props.	39	+ 3
Eastern Produce	95	+ 7
Glanfield Lawrence	85	+ 5
Henlys	119½	+ 5½
Ladbroke	206	+ 8
Lidco	20	+ 4
London Pavilion	470	+ 50
Madame Tussaud's	64½	+ 5½
Mills and Allen	125	+ 5
Pauls and Whites	133	+ 12
Racal Electronics	218	+ 12
Sturla (G.)	14	+ 3
Tecalemit	115	+ 5
Thorn Elect.	362	+ 12
Tube Invs.	384	+ 6
Turner Mnf.	114	+ 17
Wigfall (H.)	254	+ 9
McLeod Russel	212	+ 10
Bishopsgate Plat.	73	+ 3
Cons. Murchison	285	+ 10
Durban Deep	262	+ 16
Hong Kong Tin	140	+ 10

FALLS

Anglia TV A	82	− 6
Blyvoor	289	− 11
Falcon Mines	180	− 5
West Rand Cons.	155	− 11

CONTENTS OF TO-DAY'S ISSUE

FEATURES

For latest Share Index 'phone 01-246 8026

Talks begin in Ankara on Cyprus

By David Tonge

ANKARA, Jan. 18.

AFTER THREE years of delays, the Turks and Turkish Cypriots this evening sat down to formulate proposals on the Cyprus dispute which they are expected to hand Dr. Kurt Waldheim, the UN Secretary-General, within the next two weeks.

The new Ecevit Government, confirmed in office yesterday, sees tackling the Cyprus issue as an essential step towards ending the troubles which beset Turkey's relations with the West.

It also wishes to resume discussions with Greece on various bilateral issues. On February 12, representatives of Greece and Turkey are to meet in Paris to resume discussions on the dispute over the Aegean continental shelf.

On Cyprus last week, Mr. Ecevit explained to Dr. Waldheim the initiatives which he planned to revive the intercommunial talks. These include the preparation of proposals backed up by a map of the territory which the Turkish side wishes to keep under its jurisdiction. The Turkish side is also to present constitutional proposals for the island.

Mr. Rauf Denktash, the Turkish Cypriot leader, arrived here this morning for talks with the new Government. They are due to end to-morrow.

The Turkish Cypriots brought with them various constitutional proposals according to sources in their team, including a Presidency rotating between the two communities and a small Government with limited powers and an equal number of Ministers from both communities.

Soares now certain to be appointed Portugal's new PM

BY DIANA SMITH

LISBON, Jan. 18.

SR. MARIA SOARES is likely to be officially appointed Portugal's new Prime Minister in the next 24 hours.

To-day, Sr. Soares, who has been caretaker Premier since his minority Socialist Government's defeat on a motion of confidence in early December, told President Eanes he was able to form a new Administration. After an all-night meeting of the Socialist Party's national council, Sr. Soares was authorised this morning to form a Government of what he has called a "Socialist base, with Christian Democrat personalities."

However, powerful forces, including the President and prominent members of the Socialist Party, are anxious that the new Administration should not cold-shoulder Portugal's largest, and arguably most powerful party, the Communists. They came fourth in the 1976 general election and have 40 seats in Parliament, but their labour strength far outweighs their electoral results.

Sr. Soares has been advised, therefore to continue to try to reach a separate agreement with the Communists. He has been trying to do this for some weeks, but, since the Communists insist on specific guarantees for the radical land reform and the nationalised sector, and the Christian Democrats insist on radical review of these, compromise has been difficult.

This formula, carefully avoiding the use of the word coalition, a format to which the Socialists are opposed, is likely to involve Christian Democrats holding three Ministries.

Later last week, Sr. Diogo Freitas do Amaral, president of the Christian Democratic Party (CDS), would neither confirm nor deny that he had been offered the position of Speaker of Parliament as part of the agreement with the Socialists.

The formula will give 143 seats to the new Administration (102 Socialists and 41 CDS) in a Parliament of 263 seats. In theory this will ensure stable government until 1980, when new general elections are due.

In fact, just as the Socialists were on the verge of signing an agreement with the Communists last week, the CDS insisted on vetting the document beforehand. It disapproved of the contents; the Communists were then offered a watered-down version, which theby found unacceptable, and negotiations broke down. How Mr. Soares and his party negotiators will succeed in this exercise in cross-purposes still remains an open question.

Once Mr. Soares is officially appointed Prime Minister, he will have ten days to present a Government programme to Parliament. Socialist experts have already been working on this programme, particularly its economic aspects, which are considered top priority, in view of Portugal's financial crisis. Urgent austerity measures are expected, in order to prevent the present $1.2bn. balance of payments deficit from sliding even deeper into the red.

Editorial comment, Page 22

Soviet army underscores E. Germany links

BY LESLIE COLITT

EAST BERLIN, Jan. 18.

THE 400,000-man Soviet Army in East Germany is moving swiftly to counter continued reports in the West German news magazine Der Spiegel that an alleged opposition group in the East German leadership wants Moscow to withdraw its armed forces from the country and wants East Germany to leave the Warsaw Pact alliance.

Knowledgeable East European sources here say top Soviet generals in East Germany are fanning out over the country to tell East German Communist Party functionaries that the "alliance between the Soviet Union and the German Democratic Republic is eternal and unbreakable."

Reports of the activities of the Soviet generals are appearing in condensed form in the East German Government Press. The East Europeans say that although they, along with many Western analysts, doubt there is an opposition movement of any consequence in the East German party, the Soviet Army in East Germany "plainly is not taking any chances.

This, they note, is probably because the Soviets fear that too many East Germans have already taken at face value the goals of the purported opposition movement, which include German reunification.

The East Europeans report that East Germans have been recording on tape the text of Der Spiegel's "manifesto" of the "Federation of Democratic Communists of Germany" as broadcast verbatim by West Berlin radio stations. The East Europeans here in the East German capital note that General Yezgeni Ivanovski, the supreme commander of the Group of Soviet Armed Forces in Germany (as the Red Army divisions in East Germany are officially called), has personally taken charge of the campaign to impress on East German party officials that nothing will ever move the Soviet Union to withdraw its armies from East Germany.

Gen. Ivanovski told East German party functionaries in Leipzig earlier this week that the Soviet forces in East Germany regard it as their "historic mission to defend the achievements of socialism in the GDR."

The Soviet general warned his East German listeners that they are currently witnessing "machinations by the main reactionary forces of imperialism in Europe," that is in West Germany, which are being "thwarted by the alliance between the Soviet army in East Germany and the National People's Army" of East Germany. The East Europeans say the East Germans who heard the speech took this to be a direct reference to Der Spiegel's report on the alleged East German opposition group.

Gen. Ivanovski assured his Leipzig listeners that the Warsaw Pact alliance with its "close fraternal relations between the members of the Soviet army and the National Peoples Army" is growing in "strength and unity," which the East Germans are said to have had no difficulty in deciphering.

The head of the political administration of the Soviet Army in East Germany, Gen. Ivan Mednikov, picked up the same theme in a lecture to East German party officials this week in the city of Schwerin. He reminded the East Germans that the Warsaw Pact is going "to take all measures to defend its peoples" as long as NATO exists and builds its strength.

He assured the German Communists that the "Warsaw Pact is a voluntary alliance of Socialist countries" which among other things is there to defend the "ideas of proletarian internationalism."

The latter phrase was used by the Soviet Union to justify its occupation of Czechoslovakia in 1968 and has been bitterly opposed by the Eurocommunist parties of Western Europe.

Schmidt and Carter lay groundwork for meeting

BY JONATHAN CARR

BONN, Jan. 18.

CHANCELLOR Helmut Schmidt has begun an exchange of letters with President Carter intended to lay the groundwork for a meeting between the two leaders and for the Western economic summit, planned for Bonn in July.

Government sources said that in a letter late last month Herr Schmidt had underlined the efforts West Germany has made to boost its economy and to try to reduce unemployment. The object is to try to head off any further public exhortation by the U.S. for further German measures of economic stimulation.

Bonn feels it has done what it sensibly can in this sector and that nothing is to be gained from public friction with Washington.

Herr Schmidt's letter is understood to have welcomed President Carter's initial statement before Christmas intended to help strengthen the flagging U.S. currency.

Since then the U.S. has taken further steps to help the dollar, and the bilateral swap accord has been reached. Nonetheless, the German view remains that the key to a relatively stable dollar is passage of an effective U.S. energy policy aimed at reducing oil imports.

Call for look at European insurance

By Margaret van Hattem

BRUSSELS, Jan. 18.

THE Bureau of European Consumers Unions is to ask the EEC Commission to investigate what it claims are enormous differences in premiums for identical life insurance policies in Common Market countries.

A recent survey by member consumer organisations throughout the Nine showed that the most expensive British premiums were usually far cheaper than the cheapest in other countries. Dutch rates also compared favourably with the far more expensive German, French and Luxembourg rates.

Denmark urges speed-up of Greek entry to EEC

BY GUY DE JONQUIERES

LUXEMBOURG, Jan. 18.

DENMARK'S Foreign Minister, Mr. K. B. Andersen, said to-day that his Government intended to press for a speeding-up of negotiations on Greece's application to join the Common Market during its six-month presidency of the EEC Council of Ministers.

In his maiden speech to the European Parliament, he said that "substantial progress" must be made in the course of his country's presidency, because the credibility of the Community was at stake.

Mr. Andersen described as "optimistic but not unrealistic" an accelerated negotiating timetable proposed to the EEC by the Greek Government before Christmas. This envisaged completion of all substantive negotiations by midsummer, with formal admission occurring early next year.

Although most EEC Foreign Ministers regard the Greek proposals as too ambitious, the European Commission is seeking to inject some fresh momentum into the negotiations. It plans to ask for authority early next month to enter final negotiations with Greece on the customs union and a month later to begin final discussions on external relations, capital movements and Greece's membership of the European Coal and Steel Community.

This would leave agriculture as the most difficult of the issues remaining to be solved. It is unlikely that this subject will be tackled in depth until some time after the French elections in mid-March, and the timing could be further complicated by the government crisis in Italy, where great importance is also attached to the EEC's treatment of Mediterranean cultures.

It is regarded as inevitable in Brussels that some delay will occur in the handling of Portugal's EEC application. The Commission's formal opinion on the Portuguese case, originally promised for late last year, then postponed until the end of February, may now not be published until May or June.

Portugal itself has indicated that it would prefer to see publication delayed until after the French elections and completion of its own negotiations with the International Monetary Fund.

Mr. Anderson also re-emphasised to-day the importance of setting a date for the first round of European elections by April and of encouraging EEC cohesion on the external side.

THE EUROPEAN COURT OF HUMAN RIGHTS

A useful safety valve

BY DAVID BUCHAN IN STRASBOURG, JAN. 18.

THE BLACK robed judges of the European Court of Human Rights to-day delivered their first ever verdict on a case brought by one Government against another. The case — in which the Court found that British security forces in Ulster had subjected detainees in 1971 to "inhuman and degrading treatment" but not to "torture" — is unprecedented.

To-day's decision will have no dramatic practical consequences. The Northern Ireland case has ended in a draw with the Dublin Government getting some, but not all, of what it wanted from the Court. The Court argued it was not within its powers to grant the Irish request for a Court order against the U.K. to prosecute British security for the practices.

Court officials are now mildly jubilant and feel that greater use of the Court as an arbitor of inter-State disputes could act as a valuable safety valve for Governments that might otherwise resort to other means to settle their quarrels.

Irish and British officials say that the case has been an irritant between Dublin and London but concede that the verdict may persuade Republican extremists in Ulster to turn to non-violent means to achieve their ends.

The Northern Ireland case only came before the Court because both Governments are among the 14 Council of Europe member states that have accepted the court's compulsory jurisdiction. Though all 20 member states have signed the Human Rights Convention, Turkey, Greece, Malta and Cyprus do not accept the Court's jurisdiction.

It is still hoped that the Council of Europe's newest arrivals — Portugal and Spain—may still do so. Previous inter state disputes —only 11 in number—have all concerned countries not recognising the Court. The Strasbourg Commission on Human Rights initially examines all complaints which are then dealt with by the Council of Europe's Committee of Ministers. This body, made up of national representatives makes little pretence of reaching anything but political verdicts. The case brought by Cyprus against Turkey following the 1974 Turkish invasion of the island is one of the cases currently being dealt with by this Ministerial Committee.

The vast majority of cases—nearly 8,000—that have come before the Strasbourg Commission or the Court have been complaints by individuals against their own governments. For these to be considered in Strasbourg, the government in question has to have recognised the right of individual petition to the Court.

The British are the most ligitious. There were 172 complaints to Strasbourg by British citizens in 1974, 186 in 1975 and 139 in 1976 with only the West Germans near to matching this record. A typical example was heard by the Court yesterday involving an appeal against a birching of the Isle of Man.

Past decisions of the Strasbourg court has "directly or indirectly" court officials claim, led to changes in national law—including changes in Austrian criminal procedure, Belgium's vagrancy laws, German pre-trial detention practices, Dutch ministry discipline rules, and changes in the U.K.'s immigrant appeal procedure. In addition, court decisions are said to establish case law for all 20 member Governments.

Both British and Irish officials agree that to-day's decision has established a European standard against the use of the five techniques employed in Northern Ireland by British troops: subjecting detainees to hooding, loud noises, reduced sleep and food and prolonged standing.

The court can impose fines and has done so. This did not arise in the Ulster case because the U.K. Government has already paid out £188,250 in compensation to the detainees. It can also order changes in national law, but the British Government has already assured the Court that there would be no repetition of the practices in Ulster.

Council of Europe officials admit, however, that behind the Court's refusal to-day to order the prosecution of British officers and officials lies a recognition that member Governments only submit voluntarily to the courts jurisdiction.

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EUROPEAN NEWS

Row over Irish Government's jobless policy

BY GILES MERRITT DUBLIN, Jan. 18.

A FURIOUS debate has broken out in Dublin over the Irish Government's recent white paper on economic policy. The Republic is currently enjoying an economic take-off that is topping the EEC charts, but a political row is raging about the Fianna Fail Government's ambitious plan to halve the 12 per cent. unemployment rate by 1980.

The latest encouragement to Ireland's gathering economic confidence came with the publication of figures from the 25-nation Organisation for Economic Co-operation and Development showing that by last November inflation had been brought, at an annualised rate of 10.8 per cent., to 2.2 percentage points below the British rate and was dramatically down from 18 per cent. during the comparable period of 1976. At the moment Ireland seems to be on the way towards achieving an inflation rate of 7 per cent. late this year and 5 per cent. for 1979-80. Yet Mr. Martin O'Donoghue, the Minister for Economic Planning, is at the centre of a bitter dispute.

At the end of last week, when introducing his White Paper, Dr. O'Donoghue took the radical step of dismissing Ireland's official "live register" of unemployment as misleading, pointing out that the jobless total of 107,000, or 9.3 per cent., should be nearer 155,000.

What is more important, however, is that the opposition parties are sniping at his scheme for reducing the number of unemployed to 80,000 within three years. They claim he has miscalculated the rate at which further redundancies and the rapid growth in the labour force will cancel out his drive to create jobs.

Dr. O'Donoghue, meanwhile, has a card up his sleeve that may help him confound his critics. The *real* issue, once the debate over employment targets dies down, will be the extent to which the Government can deliver. Over the next three years Ireland can confidently expect that new foreign industries and domestic investment will produce a core of 12,000 new jobs annually.

The Dublin authorities also calculate that increased output coupled with a determined "buy Irish" import substitution campaign now being started will each year increase the existing manufacturing workforce by a further 1,500. Added to that, Government boosting of the construction industry and public services will this year produce 15,000 jobs, while over the 1978-80 period service industries in the private sector should reflect increased manufacturing activity and provide at least 10,000 jobs yearly.

Comecon growth in 1977 up on previous year

BY DAVID SATTER MOSCOW, Jan. 16.

THE ECONOMIES of Comecon countries, taken as a whole, grew more rapidly in 1977 than in the preceding year. But the Comecon results for the current 1976-80 five-year plan still lag behind the pace set during 1971-75, according to preliminary results announced by Mr. Nikolai Faddeyev, the Comecon Secretary.

Mr. Faddeyev said that industrial output in the nine Comecon member countries grew 6.4 per cent. in 1977, a significant increase over the 5.9 per cent. increase registered in 1976 but still within the framework of the targets of the Comecon five-year plans.

The 1976-80 Comecon plans envisages an overall growth in industrial output calculated at 37 per cent. During 1971-75, however, industrial output in the Soviet Union, Poland, Rumania, Czechoslovakia, East Germany, Hungary, Bulgaria, Cuba, and Mongolia grew 47 per cent.

Mr. Faddeyev told the Soviet News agency Tass that national income for Comecon countries, a measure similar to but not identical with Gross National Product, grew 6.0 per cent. in 1977, with most of the increase attributable to a 5.0 per cent. rise in the productivity of labour. This was a moderate improvement over 1976.

The overall targeted increase in Comecon national income over the 1976-80 five-year plan, however, has been calculated at only 30 per cent., also down significantly from the results of the 1971-75 five year plans during which national income for Comecon countries increased 36 per cent.

ITALY'S POLITICAL CRISIS

Ripe for the spread of violence

BY PAUL BETTS IN ROME

WHATEVER the political alignment of the new Italian Government one of the key issues it will have to tackle together with the economy is the steady and so far unarrested rise of terrorism nourished by left and right extremists and a growing number of anarchists.

Rome, in the words of its mayor, has become "the capital of political violence in Italy." The city is patrolled by an exceptional number of police and official vigilantes. Political violence as distinct from ordinary crime, has, nevertheless, irrepressibly continued.

The police seem helpless. Indeed, over the week-end only hours before the resignation on Monday of Sig Guilio Andreotti, the Prime Minister, the chief of Rome's police was replaced. The police forces like the political parties are divided within themselves over the issue.

For the police, like the magistrature, is also influenced by political ends and as such reflects the various contrasting positions of the political parties themselves. As for the lower police ranks, increasingly the target of violence, they feel restricted and exasperated.

Public opinion is shocked, bewildered and resentful. In many ways, violence was instrumental in bringing about the fall of Sig. Andreotti's 18-month-old minority administration and in prompting, however artificially, the Communist Party to demanding the establishment of an emergency government.

It is conventional wisdom, at least in the Italian media, to blame politically motivated violence on the extreme right. In fact, it is obvious that violence comes from both ends of the political spectrum as well as from a third force composed of anarchists out to bring down the entire system.

Last November, the Interior Minister, Sig. Francesco Cossiga, addressing the Italian senate said there had been 1,693 terrorist attacks in the first ten months of last year including 46 against individuals four of whom were murdered. The death toll has since risen. Three young neo-fascists were killed earlier this month, another older right wing sympathiser has been shot dead as has a security chief of the Fiat car company. At present, in terms of pending prosecutions according to the Interior Minister, some 300 members of extreme right wing groups and 288 left-wing extremists are awaiting trial.

In many respects, the belief that all violence stems from the right is seemingly the result of the self-appointed role of the Italian media as "defenders of democracy" and the country's general hang-up following the fall of fascism.

When this was put Sig. Giorgio Almirante, the Secretary of the Movimento Sociale Italiano (MSI)—the ultra-Conservative self-labelled "National Right Wing" and Anti-Communist Party—he spoke about "a 30 year political conspiracy" against his party which effectively kept it locked out of the political arena in spite of its now being the country's fourth largest party after the Christian Democrats, the Communists and the Socialists.

Extreme nationalism has always been a highly emotional and important component of Italian political life. The MSI was founded shortly after the war to attract the votes of sympathisers with Mussolini's deceased "public republic." Despite repeated but half-hearted attempts to outlaw it, the Party's fortunes have until recently progressively gone up. It has generally gained at times of tension and public anxiety. While not directly affiliated to it, the MSI has, nevertheless, always maintained on its extreme right the disreputable characteristics of neo-fascism such as bomb throwing and hooliganism. As a party, it has attempted to don the cloak of respectibility, the so-called "double-breasted" suit in which its leaders were caricatured in the early seventies.

To-day, the younger elements on the extreme right are no longer equipped—with bicycle chains, knuckle dusters or truncheons, but with revolvers and incendiary bombs. These youngsters are not all from middle class extraction. Many are the sons of porters, labourers and the unemployed. They often take to violence, because the more intransigent extraparliamentary elements of the extreme right send them out on to the streets, sometimes with promises of jobs, sometimes with a few thousand lire, more often than not with emotionally charged ideals of virulent anti-communism and the utopian social nationalism and fanaticism of Mussolini's "Verona Charter" in the face of the country's present deep-rooted economic, social and institutional malaise.

Exaggerated

According to Sig. Almirante, a highly exaggerated and tendentious picture has been painted of the MSI. "When I went to address some young schoolgirls, at the end they came up to me and said "so you are the guy who they tell us has killed so many partisans."

To all intents and purposes, the MSI is to-day isolated, internationally, with the death of General Franco, it has lost its only effective link with the outside world except for perhaps one or two distant South American countries. In Italy, it has been split down the middle with nearly half of its parliamentary deputies breaking off to form a new more "moderate" grouping called Democrazia Nazionale. But it is also useful to the Left-wing parties, especially the Communists. If it did not exist, clearly the majority of its 3m. votes would go to the Christian Democrats and could alter the present political balance of power.

Officially, the Communist Party has recently come down heavily against political violence both from the Right and from the Left. But its critics suggest cynically that in the late 1960s when extreme Left-wing violence erupted on the scene, the Communist Party, as an opposition party, was not as vocal as perhaps it could have been in condemning the serious wave of disorders. To these same critics, the Communists have now been caught off balance. During the last ten years, the party has gained political respectability. As a party of Government, it is now being attacked by a Left-wing fringe of extremists. This is one of the biggest differences between 1969 and 1977. In 1969, in the wake of the Paris student riots, ultra Left groups of students and the younger generation of the working classes in the industrial north espoused Marxist ideals. They were components, perhaps extreme and violent, of the Labour movement and the Communist party. Subsequently, as the trade union movement and the Communist Party assumed greater political respectability and power, these extreme fringes represented in grouplets like "potere operaio" or "lotta continua." gradually became an embarrassment. They increasingly became detached from the Communist Party and the Labour movement as the dramatic change which 1969 heralded did not materialise.

They have since become more extreme, and despite the efforts of the Communist party to reconvert these uncomfortable splinter factions and bring them back "into line," new groups have emerged. They have become even more extreme and have increasingly frightened the official left. Last September 20,000 of their sympathisers rallied in the Communist stronghold of Bologna. They did not appear as a cohesive alternative force to the left of the Comunists, but they were linked in their common condemnation and abuse of the Communist Party itself.

Dangerous

There is also a third, and potentially more dangerous force clearly at work. It consists of groups like the "red brigades" and the "armed proletarian nuclei" which are anarchists. Their self-confessed aim is to bring down the "whole pack of cards" in Italy. They have international links reputedly with West German terrorist groups. They have attacked during the last 12 months magistrates, industrialists, and journalists. They have terrorised a city like Turin, bombed factories and regional party office both of the right and of the left. They are armed with an arsenal of modern weapons and effectively manipulate both the right and the left. They are believed to have infiltrated the universities, the factories, and the extreme groups on the left of the Communists and on the right of the MSI. And Italy to-day, in its state of confused political transformation, profound economic uncertainty and in the throes of a whole series of acute social problems, is ripe for the sort of orchestration of violence escalation that can transform what effectively amounts to an apparently isolated incident between two rival gangs of youngsters in the suburbs of one city into something approaching guerilla warfare in ten other major cities barely 24 hours later.

Madrid cautious over reforming police forces

BY ROBERT GRAHAM MADRID, Jan. 18.

THE delicate problems inherent in the change from a fascist dictatorship to a parliamentary democracy have been highlighted by proposals for the reform of the Spanish security forces. Rather than disband one arm of the security forces, the Policia Armada, with primary authority for public order, the Government has chosen to rename it and bring it under closer civilian control.

This kid glove approach to the Policia Armada is the salient point in a draft Bill approved by the Cabinet last Friday, the text of which was released this week.

The threat—implied or real—of serious army and police objections to a demilitarisation of the security forces, composed primarily of the Guardia Civil and the Policia Armada, appears to have inhibited the Government from making any radical changes in their structure at this stage. The original draft Bill proposed that the Policia Armada be renamed the Guardia Nacional. But this has been subsequently changed. Their essential functions of public order, riot control and the guarding of public buildings remains unaltered.

The recruitment process, either from the armed forces or the ranks of the Guardia Civil, also remains unaltered.

The Bill specifically states that the Guardia Nacional will be a "military body organised on military lines, responsible exclusively to the Ministry of the Interior." However, the new Guardia Nacional will be considered as part of the national police force and not a branch of the military, presided over by a newly appointed Director General of Security who will be directly below the Interior Minister (at present a civilian).

The Policia Armada was created in 1941 and since then served as a powerful arm of repression under the late General Franco. In December, 1975, a major expansion of the force was announced raising its strength over a four years period by almost 100 per cent. to 29,600. But since then a change in public attitudes has led to a drop in the level of recruits applying to join the force. There has been no suggestion that the Guardia Civil, first established in 1844, absorb the Policia Armada. Nor has the draft bill sought to give a clear definition of the distinguishing competences of the two security forces. The 63,000 strong Guardia Civil has prime responsibility in rural areas, which according to some reports extends up to townships of 10,000 inhabitants. However, the draft bill allows the Interior Minister discretion to use the Guardia Civil in exceptional circumstances beyond its normal competence.

The law will have to be debated by parliament. But the government is said to be anxious to have the bill passed before a special parliamentary commission of inquiry publishes its report on the riots in Malaga and Tenerife a month ago that lead to the fatal shooting by riot police of two demonstrators. Witnesses then were highly critical of the behaviour of the security forces. The parliamentary commission began work on Tuesday.

AMERICAN NEWS

Manley swallows the bitter IMF pill

By Canute James in Kingston

A TEAM from the International Monetary Fund is expected in Jamaica shortly to negotiate a new three-year agreement with the government there. An agreement negotiated last year between Prime Minister Michael Manley's government and the IMF for a $U.S.74m. loan facility was terminated last week when Jamaica failed to meet one of the IMF's criteria for the island's economy. Its collapse forced a 10 per cent. devaluation of the Jamaican dollar.

For the battered Jamaican economy, the devaluation could not have come at a worse time or under more unfavourable circumstances. The Government could hardly have been prepared for it, although thought had been given to a much smaller devaluation at the start of the forthcoming financial year.

The circumstances of the devaluation must also have been painful to Mr. Manley. When it approved the $U.S.74m. facility, the IMF set several conditions for the funds to be transferred. They included targets for public expenditure, public borrowing from the banking system, foreign exchange holdings, and domestic credit expansion. The economy, according to Mr. David Coore, the Finance Minister, "passed" the first three tests, but narrowly failed the last.

The Jamaican Government has claimed that the 10 per cent. devaluation was much higher than was necessary to protect the economy, the implication being that although it had had to go along with the IMF demands, it was not in agreement.

This must have been a bitter pill to swallow in particular since the Government had for the nine months preceding last June led a campaign against the terms which the IMF attached to facilities extended to poor countries.

Whatever successes were obtained from the campaign must now be considered lost as the Jamaican Government, against its will, has apparently had to give into the IMF.

The devaluation is likely to cause some political pain to the Manley Government. As the debate raged early last year about the wisdom or otherwise of going to the IMF, the ruling Peoples National Party was split between moderates who advocated acceptance of the IMF's money and its conditions, and hardliners who argued either for continued campaigning to have the conditions altered, or for seeking money from non-traditional sources, possibly in the Eastern bloc.

With the IMF penalising the Island because of a near miss on the domestic credit target, the hardliners are likely to adopt an "I told you so attitude." Notwithstanding, the Jamaican Government now seems to have little alternative to go along with the IMF.

Of the U.S.$74m. which the IMF was granting under the now defunct agreement, the first tranche of U.S.$22m. was drawn on October 10 last year. The second tranche of $11m., scheduled to be taken up on December 15, was not taken because of the domestic credit failure.

Jamaica, however, cannot do without the money. The official reserves are still in a net deficit—latest available figures from the Bank of Jamaica put it at minus U.S.$170m.—while several bilateral aid packages and loans from commercial consortia are dependent on continued IMF agreement to assist Jamaica.

The devaluation is likely to hit the domestic economy hard, although the Government has announced plans to minimise these effects wherever possible. The national minimum wage, for example, has been moved from $J20 per week to $J24, although this will in no way compensate for the effects of the devaluation. To protect poor consumers from price increases on imported food such as flour and rice, and on essential drugs and medicines, a $J15m. surplus accumulated by the State-owned food importer, Jamaica Nutrition Holdings, will be used to provide a subsidy.

Petrol prices have been raised from $J1.98 per gallon to $J2.25.

The Jamaican Government has decided to retain the two-tier exchange rate system which, when introduced last April, was intended to control price increases on a range of essential imports. Consequently, with the latest devaluation the new rates of exchange for the Jamaican dollar are 1.05 Jamaica to one U.S. dollar at the basic rate, and 1.35 Jamaica to one U.S. dollar at the special rate.

Britain has granted a £20m. loan to Jamaica to help with payments for essential imports, our Kingston Correspondent writes. The loan agreement, signed by Mrs. Judith Hart, the U.K. Overseas Development Minister, and Mr. David Coore, the Jamaican Finance Minister, is being made retroactive to cover purchases made from Britain by Jamaican public sector bodies since November 1, 1976. It is to be repaid over 25 years, with a three-year grace period, at an interest rate of 6 per cent.

Carter prepares to combat public doubts on economy

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, Jan. 18.

THE STATE of the Union message, to be delivered by President Carter to a joint session of Congress to-morrow night, will concentrate principally on economic affairs. Its success, according to the President himself, will be measured "by what the stock market does on Friday."

The message will be the first of a rapid series of major administration policy statements. They will include what is being described as an unusually detailed economic message to Congress on Friday, the unveiling of the tax reduction programme (plus some tax reform on Sunday) and the formal presentation on Monday of the Budget, the first over which the Carter administration has had full control.

Senior administration officials have acknowledged the need to present to the nation a coherent economic policy. Even though, by international standards, the U.S. economy had a satisfactory year in 1977, the public perception, not to mention that of the business community, is that economic prospects are indifferent and that the President's ability to cure economic ailments is marginal.

Driving home this point was another public opinion poll, issued this morning by the New York Times and CBS News, which found a weakening in public confidence that Mr. Carter could do much about inflation, unemployment and balancing the budget.

Mr. Carter's overall approval rating drifted down further in this latest survey, taken between January 8-12, to 51 per cent., against 55 per cent. in October, 62 per cent. in July and 66 per cent. a year ago. This is a common trend for presidents in their first year, but Mr. Carter's decline was sharper than that experienced by most recent presidents, except Mr. Ford, and Mr. Nixon at the start of his second term.

Only 37 per cent. of those questioned approved of Mr. Carter's handling of the economy, compared with nearly 50 per cent. six months ago, and twice as many people surveyed thought that the economy was going to get worse rather than better, suggesting that the president has a fair bit of public persuasion on his hands.

This lack of confidence was particularly apparent among blacks, whose persistent criticisms of administration economic policy have lately taken more specific forms. The National Association for the Advancement of Coloured People, for example, last week came out against the president's energy programme on the grounds that it would cost jobs. Yesterday, the Urban League said it would fight against the planned $25bn. tax reductions, because neither blacks nor the inner cities would benefit sufficiently from across-the-board action.

Mr. Vernon Jordan, the league president, was much less critical of Administration indifference than he had been six months ago, praising the "many positive steps" which had recently been taken. But he argued strongly that tax cuts should be carefully aimed at areas in greatest need.

The public opinion poll also suggested that this country still does not believe it has an energy problem. This will also be a central theme in the State of the Union address, but it will be delivered to a national audience of whom, according to the poll, 47 per cent. believe that the energy crisis is a confection of the oil and gas companies, and 43 per cent believe it is real.

Aid 'cut' may benefit NY city

BY JOHN WYLES

NEW YORK, Jan 18.

A NEW SYSTEM of federal accounting has appeared to remove up to $14bn. from the U.S. Government's financial support for New York state whose Governor, Mr. Hugh Carey, submitted an election year budget which seemed to promise an extra $350m. for New York city.

But after 10 years in which the city balanced its budget on paper, while piling up ever increasing deficits, New Yorkers have learned the hard way that, in financing nothing is as it seems. The paper loss of $14bn. of federal aid to the state may be more of a help in putting New York on a road to recovery than the extra crumbs from Governor Carey's election budget.

Credit for the change in federal aid is being claimed by Senator Daniel Moynihan, who had said that federal payments on such items as interest on national debt and for foreign aid which are channeled through New York were misleadingly listed as direct support.

Yesterday, the senator revealed that he had won a victory with the federal Community Services Administration which had agreed that in the future such payments would be listed as indirect support.

This change could strengthen New York city's case for more federal help to balance its budget and raise long-term loans, because it undermines the conventional wisdom that the balance of payments between Washington and New York State was firmly tilted in the State's favour.

As a result, it has been argued the State could and should do more to help the ailing city.

According to Senator Moynihan, the Federal Government collected $10bn more in 1976 than it paid out in New York State. "This puts New York city's fiscal crisis in a wholly new light," claimed the Senator.

Governor Carey yesterday did his utmost to suggest that the State was meeting its obligations by scheduling more than $350m. of new funds for the city in the budget submitted to the legislature.

Informed analysts are claiming this morning that Governor Carey's generosity will be worth only $150-200m. because Mayor Edward Koch, of New York, had already included some of the extra money in a budget projection which is believed to point to a $500m. deficit for the fiscal year to begin on July 1.

Chinese official expects better U.S. relations

By Colina McDougall

A CHINESE official has said after a visit to the U.S. that he expects Peking-Washington relations to be normalised this year, the Japanese news agency Kyodo has reported.

Chen Yi-sung, a member of the Chinese National People's Congress (NPC) Standing Committee, declared: "Some American intellectuals have begun to think that it was not necessary for the U.S. to secure a pledge from China not to use force against Taiwan. They think it is only necessary for China to declare unilaterally that it is interested in the maintenance of peace in the Taiwan area."

The U.S., Chen added, had begun to "switch from the policy of maintaining the present regime in Taiwan to that of laying major emphasis on the prosperity of livelihood of the people of Taiwan"

He added, "It will not be difficult for China to announce its intention to make a contribution to the peace of the whole world, including South-East Asia, under these circumstances."

While Chen's seat on the standing committee probably does not give him access to the details of policy formation in Peking, he may well be in touch with the general line of such thinking.

Talks on Cape Horn row

BY ROBERT LINDLEY

BUENOS AIRES, Jan 18.

NO SOLUTION to the impasse between Argentina and Chile over the Cape Horn boundary dispute is expected to result from the meeting of the respective presidents of the two countries—Generals Jorge Videla and Augusto Pinochet—to-morrow at Mendoza, Argentina.

A second meeting between the two presidents, likely to take place in Chile on Tuesday, is also unlikely to clear the way for a compromise, it is believed here. The second summit is likely because, in the negotiations which have taken place so far, diplomatic usage has required one encounter to be held in each country.

It is known that next Wednesday, Argentina will announce its rejection of the British Crown's arbitration decision in the dispute about sovereignty over islet in the Beagle Channel, on grounds that the Crown exceeded its brief. It is understood that, before February 2, the deadline established for rejection on acceptance of the arbitration decision, Argentine forces may occupy certain islets and rocks east of the Cape Horn meridan. The Argentines claim this to be the dividing line between Chilean Pacific waters and Argentine Atlantic waters

The islets—Lennox, Picton and Nueva, which were awarded to Chile in the arbitration—are not scheduled for occupation by Argentina, it seems, although the three islands are on the Atlantic side of the meridan. Argentina reluctantly accepts this part of the arbitration.

The most recent preoccupation of the government here is that Chile wil lask for the intervention of the Organisation of American States, a move which Argentina would find difficult to block. It is believed that a majority of OAS member countries favours Chile over Argentina in the dispute, and that powerful members such as the U.S., Brazil and Venezuela, would back any Chilean move to turn the dispute over to the OAS.

Argentina apparently would feel less uneasy about the dispute going to the UN where, it is believed, Argentina would have the support of the USSR, China, Egypt, and Saudia Arabia, among others.

Venezuelan guerillas

Guerillas attacked a Venezuelan army patrol in a rural area south-east of Caracas and wounded at least two soldiers, according to reports published here yesterday, Joseph Mann writes from Caracas. Guerillas have engaged in a number of actions in the past year, apparently aimed at embarrassing the Government of President Carlos Andres Perez. In December, Venezuelans will go to the polls to elect a new president who will take office in March, 1979.

OVERSEAS NEWS

Chinese visit to Cambodia heralds new moves on war

BY RICHARD NATIONS

BANGKOK, Jan. 18.

A HIGH-LEVEL Chinese delegation arrived in Phnom Penh to-day on a mission viewed here as an outward display of support for the Cambodians in their four-month-old border war with Vietnam, coupled possibly with private appeals for negotiations.

Western diplomats in Peking reliably report that Vietnam's Deputy Foreign Minister, Phan Hien—Hanoi's trouble-shooter on border problems—has been secretly in the Chinese capital since January 9, and this has stirred speculation here that the Chinese mission may be carrying concrete proposals from Hanoi.

The Chinese mission is led by Chou En-lai's widow, Ten ying-Chao, a Central Committee member of the Chinese Communist Party who is viewed here as a prestigious figurehead. Accompanying her are two senior officials of the Foreign Ministry who are considered to be the mission's "work horses," the Vice-Minister of the Foreign Affairs Department, Han-Nien-lung, and the director of the Asian Affairs Department, Shen Ping.

The Chinese are thought to be troubled by the continuing conflict between Hanoi and the Pol Pot regime in Phnom Penh to which they have extended considerable diplomatic support in recentm onths. Diplomats here think Peking is eager to find a rapid solution to the border conflict that will preserve their influence in Cambodia. All the current signs, however, suggest that the two sides are as far from meaningful negotiations as ever.

Last week Hanoi released a long list of continuing border incursions by Khmer forces and said that Phnom Penh's "words and deeds" have added to the further deterioration of relations between the two countries. Western intelligence reports roughly match Hanoi's allegations with descriptions of Khmer guerilla-type actions dealing isolated but significant blows to Vietnamese positions along the border inside Cambodia.

In his address yesterday on the tenth anniversary of the founding of the "Cambodian revolutionary army" Premier Pol Pot showed no obvious signs of moderation. Time and again throughout his 72-minute speech the Cambodian Premier repeated Phnom Penh's denunications of Hanoi's "insolence, arrogance and attempts at expansion, annexation, aggression, subversion and coup d'etats to topple Cambodia."

He expanded previous claims of Cambodia's "great historic victory" against the "Vietnamese aggressors" by claiming Hanoi had suffered political, financial and diplomatic defeats as well. He claimed Cambodia had smashed Hanoi's design of "importing" a pro-Hanoi party into Cambodia "which they planned to set up or proclaim at the time they succeeded in occupying some of Cambodian territory."

In what some observers here read as a significant escalation of the propaganda war, Mr. Pot indirectly linked Hanoi's invasion to "expanionist, aggressive, reactionary imperialists" and said Hanoi can no longer "use the pretext of difficulties in the post-war period and drought . . . to beg alms."

"These barbs are aimed to sting Hanoi's tender spots," a veteran Indo-China watcher commented. "Not the sort of thing designed to betray a willingness to talk."

Colina Macdougall writes: The departure for Cambodia of the Chinese delegation indicates a new effort by Peking to mediate in the border war with Vietnam. The last-minute nature of this mission is suggested by the fact that Madame Chou was due to have a meeting with the French Premier M Raymond Barre who was due to arrive in Peking to-day.

The choice of the 75-year-old Madam Chou, who in sprte of her intelligence and rank as Vice-Chairman of the National People's Congress has no first hand experience of such negotiations, suggests that Peking wishes to give added status to the team.

Eritrea naval shelling confirmed

By Alan Darby

KHARTOUM, Jan. 18.

THE battle for the Eritrean sea-port town of Massawa, one of Ethiopia's two outlets to the Red Sea, remains a stalemate between Eritrean guerillas and the Ethiopian Navy, according to correspondents who arrived in Khartoum from the beleaguered city last night.

The correspondents reported daily shelling from the sea of civilian parts of the town, three-quarters of which they said is held by the Eritrean Peoples Liberation Front (EPLF) with a massive backup of civilian volunteer fighters, and well organised convoys of supplies.

This is perhaps the biggest battle in the Horn of Africa yet said BBC television reporter Mr. Simon Dring. Mr. Dring said there was mounting evidence that much of the bombardment was coming from vessels at sea. Two Soviet-built rocket launchers had been evacuated from Massawa on to ships when the Ethiopians and Russian technicians believed to be with them made a hasty retreat from Massawa around December 9 when the Eritrean main attack on Massawa began.

A Greek sea captain who has been stuck in Massawa for some months awaiting repairs to his ship witnessed the evacuation from Massawa. He also claimed to have positively identified one of the vessels now laying off Massawa as a Russian naval vessel. Mr. Dring said he had recorded Russian voices while he was in Massawa as well as voices with "heavy Spanish accents." He said consistently reliable EPLF intelligence sources had told him that in addition to Russian involvement in the Eritrean war, there were also Cubans and South Yemenis.

Japan to ease exchange control

BY CHARLES SMITH, FAR EAST EDITOR

TOKYO, Jan. 18.

JAPAN plans a "sweeping reform" of its foreign exchange control system which would substitute a short list of specifically prohibited transactions for the present system whereby all exchange transactions are prohibited unless specifically approved.

The new legislation, however, will take at least 18 months to draft plus another six to pass the Diet. In the interim there will be "piecemeal" liberalisation of the existing control system, including, for example, increased travel allowances for Japanese citizens going abroad.

These clarifications were provided to-day by Mr. Michio Matsukawa, Japan's Vice-Minister of Finance for International Affairs, following the announcement, last week, of Japan's general commitment to liberalise its exchange controls in the communique at the end of the visit of Mr Robert Strauss, the U.S. special trade negotiator.

Mr. Matsukawa said that this would be the third attempt by Japan to achieve foreign exchange control liberalisation following initial onslaughts on the system in the late 1950s and the mid-1960s.

The Ministry of Finance was "generally" in favour of liberalisation. Mr. Matsukawa said, although there were those who felt too rapid a change could be dangerous. He personally felt that "the time is ripe to announce a study group" (the initial step to which the Prime Minister, Mr. Takeo Fukuda has so far committed himself)

Mr. Matsukawa said that, with the coming of liberalisation, Japan would have the option of making Tokyo into a major international financial centre, but he was not prepared to prejudge the desirability or otherwise of taking such a step.

Liberalisation however would not substantially affect the external operations of Japanese foreign exchange banks. These would continue to be governed by a separate bank law, applying also to domestic banking transactions.

Under the bank law the opening of new branches either at home or abroad requires the approval of the Ministry of Finance and the Ministry has, in practice, severely rationed both. Foreign exchange control liberalisation would also leave unaffected the Government's ability, and intention, to regulate overseas lending activities by Japanese banks. Medium- and long-term overseas lending by the commercial banks, requires approval by the relevant section of the Finance Ministry although this has become something of a formality since May last year.

Between July 1974 and November 1976 the Ministry of Finance "in principle" prohibited long-term overseas lending by commercial banks because of its concern that the banks were acquiring excessive short term liabilities in order to support their lond term lending commitment.

No Saudi oil supply, peace demands link

By Anthony McDermott

JEDDAH, Jan. 18.

SAUDI ARABIA offered, during President Jimmy Carter's recent visit to provide financial aid to a Palestinian state set up on the West Bank and Gaza Strip.

This is the most convincing interpretation given here of reports that Saudi Arabia had offered to "buy" these two Israeli-occupied areas for the Palestinians.

It is firmly emphasised here in informed quarters that Saudi Arabia has made no firm aid agreement and would only offer such assistance on condition such a Palestinian state, preferably to be linked in some form with Jordan, was not hostile to Saudi interests.

The supply of Saudi oil to satisfy all U.S. import requirements was not offered to Mr. Carter, as has been reported, in exchange for Washington bringing about a just settlement of the Palestinian problem. Nor were any threats made by Saudi Arabia that oil supplies would be withheld unless a Palestinian settlement was found.

At this stage Saudi Arabia is not actively linking its desire for pressure on Israel with U.S. energy requirements, according to informed sources here.

Reuter reports from Kuwait: Saudi Arabia and Kuwait are expected to make a joint mediation effort soon to close the rift in the Arab world over Egypt's Middle East peace initiative, officials said here to-day.

The bid is likely to follow a visit to Kuwait this week by Prince Saud bin-Faisal, Saudi Foreign Minister, the officials added.

The two countries, which underwrite much of the military and financial bills of Egypt and Syria, are likely first to try to settle differences between Cairo and Damascus, and apparently believe these differences can be resolved.

Tanzania freight row with Zambia

By Michael Holman

LUSAKA, Jan. 18.

A SHARP difference of opinion has developed between Zambia and Tanzania over the latter's decision, described in one newspaper headline here as a "swindle," to lift the special low rates for Zambian cargo at the port of Dar Es Salaam, introduced after Rhodesia's unilateral declaration of independence in 1965.

In an editorial to-day the Government-owned Zambia Daily Mail called on Mr. Amir Jamal, Tanzania's Transport Minister, to deal with the problems created by an 80,000-tonne backlog of Zambian cargo at the port "in a spirit of friendliness like the one which had existed before money priorities were put before the friendship of the two States."

According to reports here, the Tanzanian decision to raise the daily cargo storage rates from 7p (U.K.) per tonne to 43p per tonne from July 1, and impose the full rate of 85p from January 1, 1979, came without prior warning.

Amnesty plans campaign against S. Africa torture

BY MARTIN DICKSON

THE SOUTH African Government was yesterday accused by Amnesty International of sanctioning the torture of political detainees.

In a lengthy dossier on political imprisonment in South Africa, the human rights movement said: "All the evidence indicates that torture is extensively inflicted on political detainees and that the Government sanctions its use." The report coincides with the start of a worldwide campaign by Amnesty for the release of prisoners of conscience in South Africa, the repeal of discriminatory and repressive legislation and the end to torture.

The report says available evidence suggests that torture is being used almost on a routine basis by the security police and that the Government fails to remedy the situation. The result is that from time to time the police appear to have "got out of control and to have been responsible for the deaths of detainees in their custody."

Alleged methods of torture include physical attacks and beatings, electric shocks, being made to stand for long periods, murder threats and sleep deprivation. Amnesty says that despite numerous allegations of torture by former detainees, the South African Government has done little over the years to investigate such complaints and to ensure that those arrested are protected from abuse by security police.

The Government's attitude to the use of torture is "demonstrated by their inaction in dealing with known torturers. The names of certain security policemen recur time and time again in detainees' torture allegations yet they do not appear to be disciplined or dismissed."

The report contains photographs showing wound marks on the bodies of two men who died in police detention and gives statements by six people alleging ill-treatment or totrure while in police custody. A Mr. M described how one end of a piece of string had been tied to a jack and the other end to his testicals. The jack was then dropped, twice.

BRIDGET BLOOM, recently in Mozambique, reports on the grim economic problems facing President Samora Machel's Government

Political stability gives hope for the future

TWO YEARS AGO, when Mozambique was a few months into independence, elegantly coiffured ladies still took tea each afternoon in the cavernous lobby of the Polana, Maputo's plushest hotel. To-day, only one or two remain, crowded out—when offices downtown close—by a multi-coloured, casually-dressed assortment of Mozambicans, foreign technicians and diplomats from East and West.

The Polana's new clientele is only a superficial sign of change in independent Mozambique, though it should be noted, in view of the dire predictions that the country could collapse once the 200,000 Portuguese left, that the hotel seems busier than ever and functions pretty well. It now belongs to the State, and its workers have some control in its management. Many of the old faces—stewards, porters or waiters—are the same, though less cowed now, and its rooms are as clean and the prawns piri piri as g ood as ever.

That Mozambique has in no sense collapsed is evident to anyone spending a few hours in Maputo. There is power, water and electricity. The neat suburban gardens remain well tended. The city has been Africanised and seems more relaxed because of it. It runs, despite transport and food shortages, a good deal better than the capitals of some other African states that have been independent a lot longer.

In other parts of Mozambique no doubt the picture is less bright. For Mozambique's really appalling problem to-day is its economy, gravely affected by the exodus of Portuguese farmers and others, by the closure of the border with Rhodesia, by the escalating guerilla war, and by natural disasters which have included in the last two years a cyclone, floods and a hailstorm in the capital, with stones the size of cricket balls

Unbalanced

Mozambique's economy has never been well balanced. Port and rail developments at the turn of the century were primarily designed to serve the much faster growing Transvaal and Rhodesian economies. The Portuguese built up the country's domestic infrastructure only in response to the challenge of guerilla war waged by Frelimo in the 1960s. But under colonial rule, the traditional trade deficit was usually made good by earnings from South African and Rhodesian freight, and from tourists from those countries.

In 1973, the last full year of Portuguese rule, the overall payments deficit was only some $7m., though exports were only $190m. against imports of nearly $400m. Exports increased somewhat in 1974, but since then the deficits on the trade and balance of payments accounts have increased alarmingly. The payments gap in 1975 was estimated at around $30m.; in 1976, following the closure of the Rhodesian border, it rose to around $150m. Last year's forecast was for $280m. with little hope of alleviation in 1978.

Apart from the severed Rhodesian links, this is also due to a steep fall of agricultural production and consequent rise in food imports, both because of the white exodus and natural disasters in food growing areas. Capital equipment needed to restore industries has also swelled the import bill. Major South African assistance to keep Maputo port and the railway going has meant that earnings have held up relatively well there, but there have been other drains, such as the estimated $50m. in transfers by departing Portuguese.

The Government is living from hand to mouth. Accumulated budget deficits, despite increases of taxation and spending cuts, have risen from some $22m. at the end of 1975 to an estimated $125m. at the end of last year. Mozambique is relying on foreign aid (Britain, with overall commitments of some £20m., is the second largest single donor after Sweden) and on the "gold deal" with South Africa which Mozambique inherited from Portugal.

This curious system is probably still the country's largest single source of foreign exchange. Under it, part of the salaries of Mozambique miners working in South Africa are paid by South Africa in gold at the official price (as used by central banks for valuing reserves). When the gold is sold at market prices (as it is now without apparently ever leaving the South African reserve bank) Mozambique reaps a windfall. It was estimated at $150m. a year when there were 100,000 or so miners in the Republic, though last year, with only some 40,000 there, the income has probably been halved. It may stop altogether in a few months' time if the official gold price is completely abolished.

Against this background of economic stringency, Mozambique's Marxist-Leninist ideology has not surprisingly continued to be tempered by pragmatism. The Marxist-Leninist rhetoric of last February's Third Party Congress, pragmatic economic goals were set. The ultimate objective may be total workers' control and the establishment of heavy industry, but the immediate aim is to restore agricultural and industrial production in 1980 to 1973 levels.

Small achievements are noted (cashew, for example, once a major export, is now being collected again) but Mozambique's overall dependence on foreign aid, and on South Africa, is likely to continue for a long time yet. Joaquim Chissano, Mozambique's Foreign Minister, in an interview at the week-end, to be broadcast on the BBC, admitted that the country's dependence on South Africa conflicted with its ideology. "Our aim is to destroy our dependence, but this can only be done by economic development in Mozambique itself." Though Mozambique advocates sanctions against South Africa by those who can afford them, "we have to be realistic and recognise that we cannot do it ourselves at the moment," he says.

Citizenship

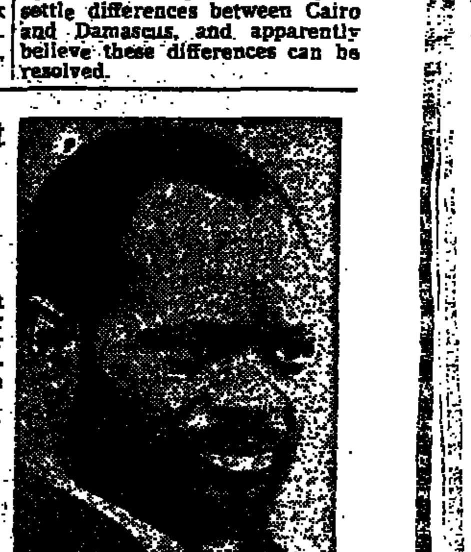
The biggest single problem in developing the economy is probably the lack of skills. Diplomatic sources believe there may be no more than 10,000 Portuguese in Mozambique now, a total which could include both those who opted for Mozambique citizenship and "new" Portuguese who have arrived since independence.

Politically acceptable foreigners, including apparently some 70 people from Britain, are coming in to fill some of the gaps and Mozambicans are being crashed trained. But the country is also finding like other African States before it that foreigners are not cheap. Western diplomats in Maputo say wryly that Communist experts, whether Russian pilots or Bulgarian dentists, tend to be even more expensive than their Western counterparts; they claim that Russian pilots in Maputo harbour earn three times the rate of their Portuguese predecessors and demand an equivalent sum in foreign exchange in Moscow.

But if Mozambique has little going for it economically, at least in the short term, the political stability established against heavy odds since independence, could prove a very important asset. To Western eyes, the elections held between September and December would hardly be called democratic. Voting was by show of hands and the candidates were from the same party. But, as Mr. Chissano argues, most Mozambicans have never participated in elections of any sort. Many party candidates were rejected ("sometimes to our embarrassment") in tough self-criticism sessions, he says. And anyway how, Mozambicans ask, can you delimit constituencies and draw up voters' rolls when there has never been a proper census and over 90 per cent. of the population is illiterate?

There are criticisms aplenty of the official policy of destroying all colonial institutions to enable the State to be built along Marxist Leninist lines. Mozambicans, endorsed by many Western diplomats, claim that the much criticised re-education camps are primitive but relatively benign. But there have been especially in the early days of Frelimo's rule many arbitrary arrests and a system of justice to replace the Portuguese (which Mozambicans say applied only to a white elite) has still to be organised.

But Mozambique to-day has to be set less against Western ideals than against its own colonial past, and perhaps also against the experience of other already independent African states. Frelimo's leadership under President Machel is certainly multi-racial and tribal divisions seem to play much less of a part than elsewhere in Africa. Frelimo appears to know where it wants to go, and to be its own master. It is dominated neither by the Communist bloc nor, despite its now greater openness towards the West, by anyone else.



President Samora Machel

WORLD TRADE NEWS

Caracas Metro bids short list

By Joseph Mann

CARACAS, Jan. 18

FRENCH AND Japanese bidders for one of the biggest contracts to be let for the Caracas Metro have been selected for final negotiations with the Venezuelan Government out of a group of eight initial competitors, sources told the Financial Times today.

Two consortia headed by Societe Generale de Techniques et d'Etudes (SGTE) of France and C. Itoh of Japan are now meeting Venezuelan Government representatives to work out a final evaluation of technical, commercial and financial aspects of their offers to provide rolling stock, signal and train control systems, electrification and steel rail for the trunk line of the Caracas Metro, a modern rapid transit line currently under construction.

Last March SGTE placed the lowest bid among eight international groups, asking $229m. for the rolling stock contract. C. Itoh put in the next lowest tender at $242.8m.

Other bidders were Societe Franco-Belge de Materiel de Chemins de Fer ($296.5m.), Westinghouse Electric of the U.S. ($306.7m.), Pullman Standard, also of the U.S., ($304.8m.), Urban Transportation Development of Canada ($374.6m.), and Siemens ($259.3m. for aluminium coaches and $257.9m. for stainless steel). A British consortium led by GEC entered the highest bid at $605.8m.

Other bidders on the rolling stock contract have not been formally eliminated by the Venezuelan Government. One source close to the metro negotiations said that the Government is not immediately discarding other tenders since it wants to "keep all its cards in hand" for contingencies in both the present and future contracts. The Japanese and French proposals are now being studied by three Government panels.

Aside from the tender evaluations already mentioned, metro engineers are also working with Japanese and French representatives on alterations the Government is seeking in each of the proposals.

Informed sources say the Government will make a final decision on the rolling stock contract by April at the latest. Observers, while admitting that both the French and the Japanese have presented good offers, tend to give the French the better chance of clinching the deal.

Mitsui wins Aqaba contract

By Rami G. Khouri

AMMAN, Jan. 18.

MITSUI TOATSU Chemicals of Japan has been awarded the technical management contract for one of the two key industrial projects in Jordan — the $325m. chemical fertiliser plant now being built at the southern port of Aqaba.

Mitsui's appointment comes after six months of negotiations by the Jordan Fertiliser Industry Company to replace Agrico Company of the U.S., which last year withdrew from its original technical management role because of management changes at its headquarters in Tulsa, Oklahoma.

Unlike Agrico, Mitsui does not have a share in the $100m. equity capital of the fertiliser project, but rather is contracted to provide technical assistance and training during the 30-month construction phase of the fertiliser plant, and for a three-day operating period after the scheme comes on stream. Start of production is scheduled for mid-1980, general manager, Dr. Mahmoud Mardi, told the Financial Times here to-day.

He also said that the major contracts for the civil works and the port construction for the project would be awarded this spring. There are some $280m. worth of contracts still to be awarded. Spie Batignolles of France is providing engineering and construction supervision services for the project, and is responsible for all equipment procurement.

Dr. Mardi said that the financing package for the project will be completed in March after a trip to Arab Gulf state financing bodies in February finalises the equity shares that will be taken by several groups there.

He added that the fertiliser company would soon start contacts with qualified international companies with a view to finding a partner to provide marketing expertise and services.

Iranian order for Bofors

By John Walker

STOCKHOLM, Jan. 18.

NOBEL CHEMATUR, a subsidiary company of Bofors, the Swedish armaments, steel and chemicals concern is to build a chemical plant in Iran valued at Kr.500m. (£55m.). Nobel Chematur has previously delivered equipment to the chemical industry in Iran and in 1974 won a Kr.200m. contract. The new order is the largest that the company has landed and should be completed in three years.

Iran is expanding its chemical industry very rapidly. Bofors managing director Claes-Ulrik Winberg says that he estimates that the Bofors contract accounts for about 20 per cent. of the total expenditure for the whole of a new large complex.

Japan puts conditions on tariff cuts offer

BY CHARLES SMITH

TOKYO, Jan. 18.

JAPAN HAS decided to propose tariff cuts of over 40 per cent. on some 2,600 items at the multilateral trade talks which are due to enter their final stage in Geneva next week.

The offer exempts a number of specifically revenue-raising items plus some which Japan claims are no longer competitively internationally from the tariff liberalisation. Its implementation will still be dependent on the scope of offers made by other major trading countries or regions at the Geneva talks.

If other countries offer less than 40 per cent. tariff cuts Japan may be "in a position to persuade them to improve their offers," the Director of the Ministry of International Trade and Industries, Tariff Sections told the Financial Times to-night. If that fails Japanese negotiators will react accordingly, but the MITI director declined to say specifically that the tariff offer would be withdrawn or scaled down.

In addition to its proposals for the MTN talks, Japan has already announced its intention to cut tariffs on 318 items by an average of 23 per cent. in advance of cuts by other countries. These cuts should be approved by the Japanese Diet during the session which is about to open and are due to be implemented from April.

Although there are advanced cuts, it is understood that Japan will be entitled to compensating tariff reductions by other countries taking part in the GATT negotiations.

Christopher Dunn adds: Mr. Edmund Dell, Britain's Secretary of State for Trade, commenting on the Japanese reaction to the proposed level of EEC tariff cuts, said in London yesterday that the Japanese trade surplus posed a fundamental problem which the mechanisms of the GATT multilateral trade agreement could only deal with to a limited extent. But, he said that cutting high Japanese tariffs might be one way of reducing this surplus.

The Japanese had made preliminary concessions during the current round of negotiations. They had also accepted that a constructive approach was necessary.

Mr. Dell recognised that the Japanese were in a "negotiating posture," like the other trading partners. But Japanese industry appreciated that there would be a firm reaction from the U.S. if the talks did not make rapid progress.

"Following talks with U.S. officials, the Japanese are possibly more appreciative than they were that any trade war could come from the Japanese surplus," Mr. Dell said.

● Toyota and Nissan Motor companies said a substantial increase in their sales to Britain this year should be avoided to prevent unnecessary conflict between the two countries, Reuter reports.

Efforts should be made to maintain overall Japanese vehicle exports to the British market in 1978 at the 1977 level of about 10.6 per cent., they stated.

Toyota added, however, that it would seek a gradual increase in its share as prospects for the British market were now much brighter. It did not elaborate.

Vehicle exports in 1977 by Toyota and Nissan were 1.41m., up 20 per cent., and 1.22m., up 6½ per cent. respectively, backed by active shipments to the U.S. and Britain.

Toyota sold 561,410 to the U.S., up 27.1 per cent. over a year ago, 108,694 to Saudi Arabia, up 25 per cent. and 31,035 to Britain, up 27.8 per cent.

Nissan's sales to the U.S. rose 18.4 per cent. to 498,887 from the previous year. Those to Britain were 102,975, up 39.6 per cent.

U.K. trade & aid policy attacked

BY CHRIS SHERWELL

THE FAILURE of both Whitehall and Britain's representatives overseas to appreciate the interdependence of trade, aid and foreign investment is severely criticised in a parliamentary report published yesterday.

The report, from the House of Commons Select Committee on Overseas Development, attacks the lack of co-ordination on these matters among Government departments and suggests that it deprives Britain's foreign economic policy of political coherence.

The committee also lodges a strong complaint about the reluctance of Government to supply parliament with sufficient information to determine whether policies are being properly formulated.

Information and expertise in Whitehall is not used, the report says. Conflicting departmental interests lead to a "reactive and usually ad hoc approach." And foreign economic policy is nowhere seen as a whole or geared to domestic economic policy.

On overseas investment the committee urges an examination of the effect a relaxation of exchange controls would have on Britain's trade with developing countries. It professes surprise on learning that the Bank of England did not keep records of the flow of investment to such countries, and calls for a review of its creiteria for assessing investments overseas.

The maximum liability of £75m., under the Export Credits Guarantee Department's scheme for insuring overseas investments against political risks like expropriation: is described by the committee as a facility which is not well known. It also says the Department feels the facility should not be advertised too heavily.

The committee's institutional proposals include the establishment of a Cabinet Committee on Bilateral Relations "to co-ordinate inter-departmental consideration of the interaction of domestic and overseas policy." This, says the report, should keep itself informed about the work of the Crown Agents, the Developing Countries Import Opportunities Office, and the Commonwealth Development Corporation.

The committee also wants additional co-ordination "within Whitehall and on post." Other committees are proposed, and the report also suggests a review of the training of commercial officers abroad and an expansion of opportunities for overseas representatives to acquire relevant expertise.

The purpose behind such proposals would be to combat the problems of aid and export promotion which the committee identified. It mentions, for example, the failure of British companies to secure orders financed by untied British aid, the problem of Britain's declining share of multilaterally financed foreign procurements, and the problem of ensuring that the British exporters do not lose business to competitors who use a more judicious mixture of aid finance and commercial finance.

More than this, the committee wants a "fundamental shift in attitudes." At the moment, it says, the Government has not accepted the need to choose between alternative strategies for trade with developing countries. But politically and administratively, the Government "is weighting the probabilities against it ever being able to do so—until it is too late."

Outlook for French aerospace

BY DAVID CURRY

PARIS, Jan. 18.

THE FRENCH aerospace industry booked more than Frs.20bn. of orders last year—three-quarters of them being received by the Dassault-Breguet private aircraft manufacturer.

While Dassault's series of Mirages, the Franco-German Alpha-jet trainer, and the very successful Mystere-Falcon business jets formed the staple of aircraft orders, the acceptance at long last of the Airbus into wider airline use (27 export sales in 1977) was a useful addition to the total, together with sales of missiles like Exocet, Milan and Otomat, and Avionics.

Helicopter sales, benefiting Aerospatiale, the State-owned constructor, had their best year since 1974 with 326 units sold overseas. In a spectacular change of relative importance the home market was responsible for only 10 per cent. of sales in this sector against more than 40 per cent. five years earlier. Altogether the French Government ordered some Frs.10bn. of equipment during 1977, taking the industry's total order books beyond the Frs.30bn. mark.

Whatever the success of 1977, the present year will be decisive in many ways for the industry. In early spring the prototype of the next generation Mirage fighter-bomber will fly — the Delta-wing 2000—while the company is (independently) developing a twin-engined version of the same aircraft for export markets.

In addition, the Airbus's chances of breaking through into (relative) mass markets for wide-bodied aircraft depend on the decision of Eastern Airlines as to whether to take the plunge and order 30 or more aircraft. It is understood that Eastern would want to dispose of some of its Rolls-Royce-powered Tristars as part of a deal involving the purchase of Airbus.

The decision to launch the B-10 shortened version of the Airbus will also come about the middle of this year—this seems likely to get the go-ahead given the willingness of Lufthansa to be the guinea-pig for the version and strong interest from other airlines including Swissair.

Finally, discussions between France, Germany and the U.K. on plans for a new European medium range 120-160 seater narrow-bodied aircraft powered by twin CFM 56 engines should arrive at a conclusion this year.

On the debit side the 16th and final Concorde will see the light of day in the current year and the production lines at both Bristol and Toulouse will come to a halt in the absence of further orders.

On the purely national level the French Government has already decided to re-open the lines to build the twin-turbo-engined Transall military transport and is seeking orders for it stressing its capacities in rough countries as a poor man's Hercules. Aeospatiale would also like the high-wing twin-engined Nord 262 relaunched as a third level passenger aircraft-cum-maritime reconnaissance machine.

Finally, the Government is still to take the one-third stake in Dassault promised by M. Raymond Barre, the Prime Minister, at last year's Paris Air Show. Apparently the conversion of outstanding loans to Dassault will not bring the state a sufficient shareholding while the principle and mechanics of bringing Dassault and Aerospatiale closer together—the stated object of the exercise—is subject to lively debate, given the amount of sub-contracting Aerospatiale already does for the private company.

Venezuela curb on luxury cars

BY JOSEPH MANN

CARACAS, Jan. 18.

THE VENEZUELAN Government has announced new tax regulations on imported motor vehicles which effectively ban the importation of cars different from those types assembled in Venezuela.

The regulations, contained in a resolution published by the Ministry of Finance, are designed to protect local auto assemblers by cutting off the flood of luxury cars that has entered the country in recent years.

Prior to this, people importing cars here generally paid an ad valorem tax of 350 per cent. for models not produced in Venezuela and 120 per cent. on types assembled here. Now, however, only passenger cars and jeep-type vehicles of the same makes and models as those produced here may be imported. Passenger cars will carry a 120 per cent. tariff while "rustic" (jeep type) units will pay a 50 per cent. tax. No other types of passenger vehicles may be imported, Development Minister Luis Alvarez Dominguez said.

The new regulation does not affect truck imports.

The big three American manufacturers, plus European and Japanese auto makers maintain assembly plants here for passenger cars, trucks and outdoor vehicles. The American makers, though, account for most of the sales of passenger vehicles. Local content, according to value, ranges from around 30-45 per cent. on passenger cars.

Despite the fact that luxury models of Fords and Chevrolets assembled here can cost more than $14,000 apiece, well-heeled Venezuelans import dazzling quantities of other cars—especially Mercedes Benz—which may cost around $50,000 or more after all taxes and other charges are paid.

The Government has complained, though, that in many cases the value of the imported car is vastly understated so that an individual here pays far less in taxes than he would if the true cost of the vehicle were reported.

Precise figures on the number of luxury vehicles imported in recent years were not immediately available, but a seemingly endless parade of large American cars and expensive European-made vehicles can be observed in Venezuela.

Venezuela's Foreign Trade Institute (ICE) reports that in 1976 the country imported complete vehicles and CKD's (knock-down units) valued at $645m.

This figure represents some 11 per cent. of total 1976 imports of $5.9bn., ICE said in a recent news release. The U.S. was the biggest supplier to Venezuela (58 per cent. of imports), followed by Canada, Japan, France, the U.K., Mexico and Sweden. The ICE figures, though, do not include all luxury cars brought into the country during that year.

In announcing the new regulation on car imports, development minister Alvarez Dominguez said that the Government was also establishing reference prices for vehicles which may be imported. Thus, tariffs will be computed on the basis of these reference prices and not on the figure appearing on bills to individual importers.

Edbro in joint Irish venture

Bolton-based Edbro Holdings has formed a joint venture company—Hydro Hoist—in the Republic of Ireland, to export hydraulic gears to North America. Edbro's partner is Thomas Thompson, a family firm producing tipping gears in Carlow, south-west of Dublin. The two companies will manufacture hydraulic tipping gears for commercial vehicles and hydraulic loading platforms.

Industry backs pilot heat waste survey

BY RAY DAFTER, ENERGY CORRESPONDENT

ENTISTS at the Harwell oratory of the Atomic Energy earch Establishment are nning an aerial survey of jor industrial sites to detect amount of heat being led.

ndustrial companies and ional authorities are among initial sponsors of the rech programme. A pilot vey, using airborne infra-red nning devices, is expected to made within two or three nths, the establishment said terday.

he survey, which has so far wn considerable support from horticultural, petrochemical l brewing industries, is designed to help reduce fuel bills. Infra-red emission can be detected and displayed as a map with up to one foot resolution and showing temperature differences as small as 0.3 degrees Centigrade.

Insulation

The importance of insulation to prevent heat waste was stressed yesterday by Sir Frederick Catherwood, chairman of the British Overseas Trade Board.

"Energy is the lifeblood of industrial society. Cut it off and you destroy the ability of a society to sustain itself. Therefore, it is hard to see any alternative to the conservation of energy."

Sir Frederick was speaking at a London conference, Energy Conservation in Housing, organised by the British Woodworking Federation and the Building Advisory Service.

"There will, no doubt, be continued pressure for a cheap fuel policy but no-one who can see the consequences of this will want to do it. So oil, even our own North Sea oil, will continue to be expensive."

Referring to the benefits of timber for energy conservation in housing, Sir Frederick said that trees were produced by solar energy—the cheapest source of all

Oil groups fight sanctions case

O OIL groups yesterday tried block a public Court hearing allegations that they had iken sanctions by supplying to Rhodesia.

Shell Petroleum and BP asked Justice Brightman to put a tay" on proceedings brought inst them by Lonrho and its zambique / Rhodesia pipeline sidiary. They are among 29 companies facing a £100m. nages claim by Lonrho.

Shell and BP contended that dispute should be dealt with vately by arbitration rather in by public litigation.

Mr. Brian Dillon, QC, for BP d that the case concerned the oply of oil to Rhodesia since DI in November, 1965.

Lonrho and its subsidiary, mpanhia Do Pipeline Mocamque/Rodesia, based their claim the "Shippers' Agreement," ade in October, 1962, between nrho and seven oil companies, cluding Shell and BP. It regulated use of a pipeline built by Lonrho from Beira to a refinery at Feruka, near Umtali in Rhodesia.

Lonrho complained that since UDI, oil had been supplied to Rhodesia by some or all of the 29 defendant companies otherwise than through the pipeline, and that this lead to a breach of the agreement.

Mr. Dillon said that the illegality alleged included allegations of breach of the U.K. Government Order imposing sanctions on Rhodesia. "Whether there is any such breach will be strenuously disputed." The sanctions order could apply only to U.K. companies and could not bind foreign companies operating outside this country.

The Shippers' Agreement contained an arbitration clause in the widest terms, and it was this that BP invoked, seeking to stay the court action against them pending arbitration.

Mr. Dillon said that there was a Government inquiry looking into the same matters, which the Government had directed should be in private. He said arbitration would be a quicker way of dealing with the dispute than a court hearing.

He added that any judgment against BP, Shell, Caltex and Mobil would be unenforceable because it would not be recognised internationally. All that would be left would be the "ragbag" of remaining English companies.

The hearing continues to-day.

BSI does not check quality in lamp factories

BY LYNTON McLAIN, INDUSTRIAL STAFF

QUALITY control in British household lamp factories is not checked by the British Standards Institution, a House of Commons select committee was told yesterday, although a high proportion of U.K. lamps was "covered" by BSI standards.

These embrace household tungsten filament and fluorescent lamps, and high pressure mercury and low pressure sodium street lamps. Separate standards cover long life lamps for cars, traffic lights and signals.

The institution told the committee investigating the durability of filament and discharge lamps that the Kitemark symbol, indicating compliance with British Standards in manufacturing, had not been requested by the lamp companies. BSI does not check quality control unless products bear the Kitemark.

Similarly there was no information on bulb packs telling the buyer a lamp met standard BS161 for the 1,000 hour life household tungsten filament lamp or standard BS/853 for fluorescent tubes. Makers had no obligation to meet the standards or to say they had done so.

Mr. Arthur Palmer, Labour Co-op MP for Bristol North East, who is the committee chairman, asked if lamps should be made to a compulsory standard.

Miss G. M. Ashworth, BSI joint secretary, said the institution valued a free market covered by effective technical standards. There had been no agreement in BSI committees that lamp packs should state life expectancy or compliance with British Standards.

A difficulty in checking lamp life might have been one reason, said Mr. P. Bingley, deputy technical director.

Official consumer bodies had shown no interest in the issues. Last year the Consumer Association was invited to attend the Illuminating Standards Committee of the BSI. There had been no response.

The 1,000 hour life standard for household filament lamps had been unchanged since the 1920s when BS161 was introduced. Mr. Palmer asked why.

Mr. Bingley said: "Only Norway had strong feelings for a 2,500 hour lamp." This had been "pushed into the agreement against general disapproval." There was little support for the long life lamp elsewhere.

Miss Ashworth said that in 1969 it had been suggested there was a case for a British Standard for a long life lamp, but only for "special purposes" and not for use in the home.

Corporation chooses shipbuilding director

By Our Shipping Correspondent

MR. JOHN PARKER, managing director of Austin and Pickersgill, has finally accepted an appointment as full-time director of shipbuilding activities for British Shipbuilders.

He has been working as part-time head of marketing with the State corporation since last summer. In his new job he will have responsibility for operational matters as well as marketing.

Mr. Parker, 35, is a native of Northern Ireland, where he trained as a naval architect and worked with Harland and Wolff, the Belfast shipbuilder.

SUCCESS

He has been with Austin and Pickersgill since 1974, during which period the Wearside yard had a remarkable run of success with its SD14 standard cargo vessel design.

Mr. Parker's appointment, effective from next month, means that British Shipbuilders now needs only one more key full-time Board member—a director for industrial relations. Of a number of candidates for that position, none has proved acceptable to the leaders of the shipbuilding trade unions.

With Mr. Parker, British Shipbuilders will have four full-time Board-members, seven part-time and a chairman. It is entitled to have up to 20.

Government hints at tougher pollution controls

BY DAVID FISHLOCK, SCIENCE EDITOR

A STRONG hint that the Government is planning tougher controls on air pollution in industrial premises came from the Health and Safety Executive last night.

A senior official of the HSE said in Birmingham that regular monitoring of all industrial premises using potentially toxic substances was the most promising way of preventing problems like cancer scares among workers exposed to asbestos dust, vinyl chloride monomer (VCM).

Very high standards of occupational hygiene would be needed to protect workers, predicted Miss Audrey Pittom, director of the HSE's hazardous substances division. She was giving the Hans S. Bollinger Memorial Lecture on the control of toxic hazards.

The best data from toxicity testing, detailed life records of workers, epidemiological studies and records of biological responses needed to be evaluated against exposure levels if hazards were to be identified and standards set with any confidence, she said.

The discovery of VCM's carcenogenicity had shattered any lingering faith that man-made materials were likely to be safe. But VCM had also forced the world to recognise the economic and social importance of such materials—and that method of control other than prohibition had to be found.

Agreement on a standard and on the use of sophisticated monitoring equipment had been crucial in attaining control of VCM in air in the six U.K. PVC plants. Everyone in the plants knew the target and the plant's performance.

But it was not enough to provide control and monitoring only for substances already identified as hazardous, said Miss Pittom. Several other substances could also be dangerous.

"We have been faced too often with evidence of irreversible disease arising from long-term exposure when it is impossible to put the clock back, when the knowledge comes too late to rectify the harm done by lack of control in the past."

Too often history showed that industries with a long latent risk period had taken no precautions.

Chemical substances, especially of recent origin, should be regarded as guilty until proved innocent—"and such proof is notoriously difficult to obtain," she warned.

Highly dangerous substances were already handled without untoward effects in the pharmaceutical and fine-chemical factories, Miss Pittom said. Their standards should be applied to other chemical plants. The alternative would be still more onerous restrictions on innovation and economic growth.

Lotus exports doubled to £6m. last year

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

OTUS CARS, the Norfolk-based orts car manufacturer, doubled export sales last year to £6m. e company is hoping for other 30 per cent. increase this ar.

Most of last year's extra sales nt to the U.S. which took out 500 cars. But the company so made encouraging advances Europe and Japan, where all cars have now been approved r import.

Plans for developing Lotus this ar include a new project with e American Express Banking orporation to help finance ealer stocks. Amex will in future make finance available to dealers to enable them to carry a larger number of cars in their showrooms.

In the past, Lotus dealers have found difficulty in raising money for such a limited range of vehicles and the company is hoping that this scheme, which is starting now in the U.K., will eventually be used in export markets too.

With the help of this new financing arrangement, Lotus is also hoping to raise production from 1,070 units last year to 1,400 this year.

The aim is to increase availability of its cars in the U.K.

Limit on money growth 'likely to be unchanged'

BY MICHAEL BLANDEN

HE GROWTH of money supply ill probably be kept at about e present 13 per cent. ceiling roughout his year, but short rm interest rates might have to se again, according to Mr. ephen Lewis, chief monetary onomist at stockbrokers illips and Drew.

He points out in an article in e latest issue of The Factor, e quarterly bulletin published H. and H. Factors, that the ancellor has yet to set monery guidelines for 1978-79.

If confidence is to be sustained the financial markets, the idelines will probably have to similar to those for the past ar. These provide a target nge of 9-13 per cent. growth in e sterling money stock on the ider definition (M3).

Mr. Lewis says four main ctors are likely to affect the outcome next year. The public sector borrowing requirement might slightly exceed the level in the current financial year after the expected tax reductions in the Budget, and sales of gilt-edged stocks might be less easy.

Company demand for bank finance might continue to advance at only a moderate pace, but personal borrowers will probably increase their demands, he says.

Mr. Lewis says the original forecast of £6bn. domestic credit for expansion in 1978-79, incorporated in the 1976 Letter of Intent to the International Monetary Fund, will leave little room for expansion in the economy. Unless wage settlements are more moderate than seems likely, the DCE outcome for this period will probably be closer to £8bn.

Best young hopeful can start business rent-free

BY RHYS DAVID

PRIZE of £1,000, plus rentee accommodation for two ars, and marketing and managerial help is being offered in competition to encourage new usiness projects.

The idea for the competition, hich will be open to young ople in Greater Manchester tween the ages of 18-25 mes from Mr. Martin Abrahamn, chairman of Ronald Martin eigh), distributors of office uipment.

It is being backed by Manchester city council, which will provide factory space for the winner. Support is also being given by National Westminster Bank, which will provide the marketing and managerial assistance.

The organisers hope that the competition, to be known as the Ronald Martin Young Entrepreneur of the Year award, will help potentially successful business schemes get off the ground.

Light aircraft sales in U.K. rise by 33%

By Lynton Maclain

ALES OF light aircraft in ritain last year were 33 per ent. higher than in the previous ear. All but five of the airaft were imported.

The number of new registraons reached 120, a continuation f the improvement in 1976, hen sales totalled 90 compared ith 40 in 1975.

CSE Aviation of Oxford Airort said the figures confirmed move away from expensive orporate jets.

Hawker Siddeley, part of ritish Aerospace and manufacurer of the HS125 business jet, isagreed, saying it was still a thriving business." Last year ve of the aircraft were sold—t nearly £2m. each—to British ustomers, including Barclays Bank and Bristow Helicopters.

Metrication of floor coverings delayed

TEXTILES AND floor coverings will go metric later than planned, the Retail Consortium said yesterday.

Metrication consultation documents were not due to be completed until the end of this month, but mail order traders had to print their catalogues six months in advance and those for the second half of this year were already due with the printers.

As a result, the catalogues were having to be printed using imperial measurements.

Mr. John Fraser, Minister for Prices and Consumer Protection, had agreed to postpone the metrication date from July 30 this year to February 5, 1979, the consortium said.

HOME NEWS

Hattersley tells brewers to compete

BY KENNETH GOODING

THE GOVERNMENT is determined that the talks it has been having with the brewers should lead to greater competition in the industry, Mr. Roy Hattersley, the Prices Secretary, said last night.

Mr. Hattersley was making his first public comments about what he described as "the controversy surrounding beer and the brewing industry" at the annual dinner of the National Union of Licensed Victuallers.

He considered there was scope for action in three main areas—the ownership of so many licensed premises by brewers and the control that gives them over licensees; local monopolies and the absence of choice between public houses; the "tie" arrangement which restricts the tenant to the beer of the brewer who owns the pub.

This last restriction in the house, said Mr. Hattersley, was "usually more than either the licensee or his customers wish."

"After our preliminary meeting with the Brewers' Society I felt convinced that they were genuinely prepared to extend competition within their industry.

"I do not pretend that they endorsed all our criticisms, but they certainly seemed willing to meet us on a number of important points. I hope that they were equally impressed by the Government's determination to make progress, for it is very real."

As to beer prices—"the most immediate and controversial issue facing the industry," according to Mr. Hattersley—the time of three-monthly increases was over. "If there ever was a real need for such frequent increases, the time when they were necessary is past.

"For six months we have enjoyed a steady fall in the rate of inflation. The fall will continue, and it will become more and more difficult to justify, either to the Price Commission or to public opinion, the regular, indeed routine, increase in beer prices."

Mortgage brokers end commission pact

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

MORTGAGE BROKERS have agreed to drop certain mutually-agreed trading practices rather than face a hearing in the Restrictive Practices Court. The Corporation of Mortgage Finance and Life Assurance Brokers has abandoned the clause in its terms of membership which lays down a maximum commission on deals.

The agreement is one of 16 which have voluntarily been dropped by trade associations in the service field since restrictive trade practices legislation was extended to services in 1976.

Among others now known to be disbanding are those operated by direct mail companies, loss assessors and cold storage companies.

The Corporation of Mortgage, Finance and Life Assurance Brokers, which has about 700 members, agreed to make the change extremely reluctantly. Yesterday it said that the new latitude on commission was being abused by mortgage brokers from outside its ranks.

It claimed that consumers no longer had a yardstick to judge rates offered by brokers.

Since it was set up in 1968 the corporation has recommended that members should not charge a commission of 2 per cent. In its discussions with the Office of Fair Trading the corporation maintained that this 2 per cent. figure was the ceiling and not the standard rate.

Drop or justify

But the Office apparently took the view that it could become the standard charge, and that the recommendation fell within the terms of the restrictive practice legislation.

This meant that the corporation either had to drop the recommendation, or be prepared to justify it before the Restrictive Practices Court.

Mr. Gordon Borrie, the Director-General of Fair Trading, said yesterday that the legislation had already led to a more competitive climate in the service field.

In all, he said, some 16 agreements had been abandoned. In particular, he referred to the changes already announced by travel agents, road hauliers and television repairers.

Among other agreements either abandoned or in process of being dropped are ones by recording studios, financial news operators, the hotel trade, and coach companies.

Mr. Borrie said that perhaps the most telling evidence of the "hidden value" of the Office of Fair Trading's work in this sector was the way that major restrictions had been dismantled at little or no cost to the taxpayer. The benefits to the consumer were often widespread, he claimed.

Coal Board to spend £30m. developing Yorkshire seam

BY JOHN LLOYD

THE NATIONAL Coal Board plans to spend £30m. on developing a new seam at one of the country's most productive pits, Kellingley Colliery, in Yorkshire.

The investment, one of the biggest under consideration by the Board still needs final approval. If it goes ahead, as seems certain, it will create 150 extra jobs and will bring the pit's output to around 2m. tonnes a year by the early 1980s.

The pit at present employs about 2,000 men and has a yearly output of 1.6m. tonnes. The output per manshift—the standard measurement of productivity—is around 80 cwts., almost double the current national average.

Most of the investment will be used to open the Silkstone seam to complement the output from the Beeston seam.

The Silkstone seam is more than five feet thick. The Beeston seam, one of the country's richest, is eight feet thick. One of the faces, the Beeston K49, produces 20,000 tonnes a week, making it the most productive face in the industry.

Besides constructing access to the face, the money will be spent equipping the coal faces and on constructing a new colliery washery.

Kellingley Pit, constructed in 1958, was one of the collieries which asked for a productivity deal some weeks ago.

EEC help for flood victims

BY JOHN LLOYD

THE EEC Commission yesterday approved in principle the granting of emergency funds to aid victims of the gales and floods which caused widespread devastation last week in the U.K., France and Belgium.

A figure has not been put upon the aid until local authorities assess the cost of damage. The Commission, which met in Luxembourg yesterday while the European Parliament was sitting, will decide the conditions of the aid at its next meeting.

Mr. Ken Marks, Under Secretary of State at the Environment Department, said yesterday that he could not give assurances of Government aid to affected areas.

Mr. Marks was speaking during a visit to Cleethorpes, near Grimsby, where 1,600 homes have been affected by flooding and gale-force winds.

He talked to victims and said he would report this week to Mr. Peter Shore, Secretary of State for the Environment. He was convinced that there had been real hardship and that the local authority would have to spend large sums of money.

But it would be up to Mr. Shore to decide whether or not there had been an undue burden on the rates. A final decision on how much Government money would be spent could take months.

Mr Ron Farmer, chief executive of Cleethorpes Borough Council, said that the council had spent £150,000 on emergency relief. The total bill would be more than £400,000, £200,000 of which would be spent mainly on repairing damage to sea defences.

Mr. Farmer estimated that a further £1.6m. of damage had been caused to private property.

Mr. Marks continues his assessment of the damage to-morrow when he meets MPs from the affected areas and holds talks with insurance companies.

Twelve face charges over heaters

Financial Times Reporter

TWELVE people will appear at Hendon, north London, to-day on charges arising from a Scotland Yard inquiry into certain types of home-beating equipment sold to householders throughout Britain on a large scale in recent years.

There will be more searches in other parts of the country in the next few months after details were studied about a north London business firm which supplied thousands of heating equipment items.

People interviewed yesterday at Holborn police station have been charged with procuring the sale of electric heating equipment to householders in the London area by deception. They are accused of obtaining loans by deception from United Dominions Trust and Lloyds and Scottish finance company in relation to products offered for sale by Higheat Installations, of London.

Aid sought for small builders

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

URGENT MEASURES to assist small businesses are called for by leaders of the construction industry in representations to the Chancellor of the Exchequer.

In a pre-budget memorandum several representative bodies join forces for the first time to ask Mr. Healey to make "fundamental changes in the climate of taxation" to encourage growth of small businesses.

They are the National Federation of Building Trades Employers; the Federation of Civil Engineering Contractors; the Committee of Associations of Specialist Engineering Contractors; and the Export Group for the Constructional Industries.

Mr. Peter Morley, president of the NFBTE, in a letter to Mr. Healey, states: "Our aim in collaborating in this way is, of course, to present more effectively the views of the contracting side of the construction industry, both in connection with work in the U.K. and overseas."

The joint approach is the latest move in the industry's new strategy for presenting a powerful lobbying force when dealing with the Government.

In 1977 delegations from up to eight trade and professional bodies joined forces to put their case to Ministers for more work, a move welcomed by the Government.

The pre-Budget memorandum says that small businesses are "the indispensable backbone of the construction industry" and that out of 88,000 companies over 90 per cent. have less than 25 employees.

Hopes for industrial output revival

By Peter Riddell, Economics Correspondent

INDUSTRIAL production has changed little in the past few months and is still at a lower level than at the end of 1976.

This reflects a combination of a marked decline in the growth of exports and the determination of many companies to reduce their previously excessive level of stocks of finished goods, which built up last spring.

The official view is that the level of stocks should have been reduced to a more satisfactory level by the end of December after the 3.2 per cent. jump in the volume of retail sales last month.

FORECAST

With consumer demand expected to recover further and investment also rising, officials hope industrial output will start to revive. They are sticking to last October's forecast of a 3½ per cent. rise in manufacturing production between the second halves of 1976 and 1977, though this will naturally be affected by the export performance.

Central Statistical Office figures published yesterday show that both the all-industries and the manufacturing indices between September and November were ½—¾ per cent. higher than in the previous three months.

But this almost certainly exaggerates the underlying improvement, since the earlier period includes the exceptionally low June output which was affected by the Jubilee holiday. The Central Statistical Office suggests that the underlying level of output changed little.

On a longer-term comparison, the all-industries index was about ¼ per cent. lower than 12 months earlier and there was a 1 per cent. decline in manufacturing.

The all-industries index in November was 102.1 (1970=100, seasonally adjusted) compared with 101.5 in the previous month, and 100 at the low point of the recession in summer 1975. The current level is still more than 7 per cent. below the peak figure reached more than four years ago.

The detailed breakdown shows that the only advance in the last three months has been in the output of consumer and investment goods industries — up about 1½ per cent. The production of intermediate goods industries, such as chemicals, has been a similar percentage lower.

Production of the mining and quarrying sector, including North Sea oil, has not changed in the last three months but should now rise as two more fields come on stream.

Food, drink and tobacco production was 1.3 per cent. up, partly because the good harvest has boosted vegetable canning activity. Textile output was up by a similar percentage, mainly reflecting improved consumer demand for clothing.

INDUSTRIAL PRODUCTION

1970=100, seasonally adjusted

		All Industries	Manufacturing
1976	1st	101.1	101.3
	2nd	102.2	103.1
	3rd	101.5	103.3
	4th	102.9	104.4
1977	1st	103.3	105.3
	2nd	101.9	102.7
	3rd	102.6	103.5
	July	102.5	103.9
	Aug.	102.6	103.2
	Sept.	102.7	103.5
	Oct.	101.5	102.5
	Nov.	102.1	103.0

Source: Central Statistical Office

Evidence in Racal trial reveals 'bribery factor'

BY MARGARET REID

Sir Shapoor Reporter—said during the arms deal trial to have received a £1m. commission—pictured with his family after being knighted in 1973.

THE LARGE scale of arms sales to the Middle East and the controversial special payments involved in winning armaments contracts were highlighted in the lengthy trial concerning a £4m. military radio equipment deal with Iran.

At the centre of the case—which ended yesterday — were payments of £25,000 given by two former executives of the Racal Electronics group to an army officer to help win a £4m. contract for radio equipment to be installed in £100m. of British Chieftain tanks sold to Iran in 1972.

Lt.-Col. David Randel, formerly in the Ministry of Defence, was found guilty at the Old Bailey of corruptly accepting the payments. Mr. Geoffrey Wellburn, previously managing director of Racal BCC, and Mr. Frank Nurdin, who was the company's sales director, were found guilty of conveying the money to Col. Randel.

In the course of the trial there were frequent references to the stiff international rivalry, particularly from American suppliers, for orders to the Middle East and to additional commission payments on them, sometimes referred to as the "bribery factor" or "the envelope."

The Ministry of Defence, through which a major part of Britain's arms exports are handled, is looking closely at evidence given during the proceedings; and questions from MPs are expected about commission payments on British arms sales.

One of the major features of the trial was when the Court was told that a 1 per cent. commission of £1m. had been paid to Sir Shapoor Reporter, a friend and confidant of the Shah, in connection with the £100m. tanks deal. Sir Shapoor, a Parsee and a British citizen, who has acted as agent and consultant to the Ministry of Defence, was knighted in 1973 for services to British interests.

There were also references at the trial to commision payments to Sir Shapoor from the Racal group in connection with various contracts.

British arms sales to Iran are generally on a Government-to-Government basis, on the U.K. side through the Ministry of Defence with its Millbank Technical Services arm—a former subsidiary of the Crown Agents—carrying out supply, installation and training services.

The Foreign and Commonwealth Office has important responsibilities for policy concerning arms sales.

During the trial Mr. Nurdin, who, in accordance with these arrangements, was not dealing directly with Iran, said payments made to Col. Randel for use in looking after certain junior people in Iran and were intended for transmission to them.

Raw nerve

The Crown made a concession under which it said that, if Mr. Wellburn and Mr. Nurdin could show that they believed all the money handed to Col. Randel was for transmission to Iranians, they should be acquitted. Col. Randel said from the dock that he had never received the money.

The publicity given in Britain to the Court allegations of bribes to Iranian officials touched a raw nerve in Tehran.

Most sensitive was an assertion that the Shah had set up a special fund—the Pahlevi Foundation, referred to as a charitable fund—to siphon off commission payments.

In a rare Press conference last November General Toufanian, Iran's Deputy War Minister in charge of procurement, scornfully dismissed the allegations as "ridiculous" and "nonsense."

He went to unusual lengths to demonstrate that there was no room for bribery in Iran's defence contracts with Britain.

General Toufanian disclosed that in 1970, when the Chieftain tanks deal was first discussed, Lord Carrington, then Britain's Defence Secretary, assured the Shah that the British Government would take the responsibility of checking all the prices quoted on defence sales, and would not allow the involvement of any middlemen.

General Toufanian denied that the decision to buy the radios had been influenced by anything other than Racal's superior technology in the field. The contract had been made on a Government-to-Government basis and all payments had been made directly to Britain's Defence Ministry.

Within two weeks of the Press conference a new anti-corruption Bill was rushed through the Iranian Parliament. The single-article Bill laid down prison terms of three to 10 years for anyone convicted of giving or accepting bribes in deals with multi-national companies.

An official of the British Defence Ministry said last night in reference to suggestions that Ministers had called for an urgent report to establish the extent of bribery on British arms sales:—

"It is not true to say that a special report has been ordered by the Ministry of Defence into bribery and corruption into Britain's overseas arms sales.

"Procedures in this field are continually kept under review and all possible steps are taken to ensure that Ministry of Defence employees in the Defence Sales Organisation observe the high standards of honesty and integrity demanded of all Government servants."

Mr. Kenneth Richardson, prosecuting, said Sir Shapoor "was understood to be employed as an agent and consultant of MTS and Racal. He was in no sense a servant of the Iranian Government so far as MTS was concerned. That's why the Crown says payments to him come into quite a different category from payments to Col. Randel."

Clearly an important issue raised by the trial is the question of the payment of commission on British arms export contracts, a large part of which are negotiated by the Ministry of Defence, with the actual supply and installation being arranged by MTS on its behalf. The order book held by MTS at the end of 1976 was more than £1.2bn., much of it for Iran, including the big naval complex at Bandar Abbass.

In accordance with its role on behalf of the Defence Ministry, MTS is the conduit for payment of commission on the arms deals. In this capacity, it has paid millions of pounds to Sir Shapoor, and large sums to other recipients.

Mr. John Cuckney, has been chairman of the Crown Agents during its recovery period after its £200m. losses on banking and property. He is still chairman of its former subsidiary, MTS. On taking office Mr. Cuckley sought the advice of leading counsel about the legitimacy of commission payments to agents for arms transactions.

He was told the procedures followed were proper and legal.

Evidence starts in fraud trial

THREE partners in the stockbroking firm Chapman and Rowe were accused at the Old Bailey yesterday of knowing it was being run dishonestly before it was found to have a deficiency in April, 1974.

Mr. Alan Harman, 34, of Putney, Mr. George Miller, 38, of Wimbledon, and Mr. Ralph Clarke, 49, of South Kensington, together with Mr. John Goodsell, former managing clerk, 35, of Shapthorne, Sussex, deny conspiring to defraud clients between 1973 and 1974 by pledging shares without authority to cover bank loans.

Mr. Neil Denison, prosecuting, ended his opening speech and the court started hearing evidence yesterday on the third day of the trial, which is expected to last more than three months.

He alleged that the firm's position was concealed because its balance sheet for the Stock Exchange authorities for September, 1973, had presented a false picture of assets and liabilities.

"The Crown suggests that when you have heard the evidence there can be no doubt that these three partners, together with Mr. Goodsell, must have known that the affairs of Chapman and Rowe were being conducted dishonestly in the last six months of its life," he told the jury.

He said that the position of two other defendents, Mr. Victor Andrews, 33, of Petts Wood, and Mr. John Gordon, 38, of St. Mary Bourne, Hants, might be different as they were junior partners.

The case was adjourned until to-day.

U.K. clothing exports increase by 50%

BY RHYS DAVID, TEXTILES CORRESPONDENT

BRITAIN'S MUCH criticised clothing industry increased its exports by about 50 per cent. last year to reach a final figure for the year of £614m., according to preliminary figures from the Clothing Export Council.

The improved performance—the result of a major push into Europe which now accounts for two-thirds of overseas sales—is likely to produce a substantial cut over the whole year in the industry's trade deficit, which in 1976 reached a record £271m. after being in balance as recently as 1971. Though complete import figures are not yet available it seems likely they will be about £750m., compared with £684m. in 1976.

In addition, Britain's clothing industry is estimated to have sold goods to the value of £240m. in wholesale prices to tourists, so that for the first time for several years imports have been covered by sales to overseas customers.

Mr. Peter Randle, director of the Clothing Export Council, said yesterday there had been a great increase in the number of companies exporting, partly as a result of the continued depressed trading conditions at home. It was hoped that direct exports could be raised to £1bn. by 1980.

Poor home market conditions and the continued pressure from imports is still affecting output in the cotton and allied textiles industry, figures published yesterday by the Textiles Statistics Bureau show. In November single yarn production was marginally up on the previous month but 12.5 per cent. down on May, the peak month in the current cycle.

Industrial assessment list

BY JOHN LLOYD

THE BRITISH Standards Institution has introduced a register for "firms of assessed capability" to provide acceditation for areas of industry not covered by certification schemes.

It will cover sectors for which no British Standard exists, or where the standard is unsuitable for certification purposes. The system assesses the ability of a company to manufacture products to a defined standard.

A separate technical schedule is produced for each type of product.

Firms seeking registration must first complete a detailed questionnaire, then submit to inspection by BSI inspectors. BSI intends to produce a register of assessed firms listing the approved companies and outlining their manufacturing abilities.

New Radio Scotland in November

BBC SCOTLAND is to spend more than £750,000 a year on its first exclusive Radio Scotland network, to be launched on November 23 when there is a national change in wavelengths.

Mr. John Pickles new head of radio in Scotland, said yesterday that more than 90 new staff, including producers, presenters and journalists, were to be recruited, bringing BBC Scotland's total to 1,300.

Broadcasts originated in Scotland will double to 80 hours a week from November, increasing to 120 "as soon as possible."

Farm workers' leader on electricity panel

MR. LEONARD PIKE, Midlands organiser of the National Union Agricultural Workers, will be vice-chairman of the new Electricity Consumers Council. Its chairman, Mr. Michael Barnes, the former Labour MP, was named last October.

Other members of the council announced yesterday are: Mrs. Alice Ayerst, a law lecturer; Mr. John Chesshire, an economist; Mr. Peter Houghton, director of the Birmingham Settlement; Mr. Tom Maley, a computer operator, Mr. Syed Rasul, a community relations officer; Lady Ricketts, Miss Norah Riddington, a services administrator, Mr. David Seymour, a sub-editor and Councillor Clive Wilkinson, a carpenter.

Cromarty bids for petrochemical plants

BY RAY PERMAN, SCOTTISH CORRESPONDENT

CROMARTY FIRTH yesterday became the first area to bid publicly for the lucrative downstream petrochemical industries which it believes will inevitably spring up around the landfall of the proposed gas gathering pipeline linking several oilfields.

The three development authorities around the inlet—the Highland Regional Council, the Highlands and Islands Development Board and the Cromarty Firth's port authority—have completed a series of economic, planning and marine studies—which they say suggest that the area offers a unique combination of attractions.

As well as being near the North Sea oil and gas fields, the area has ample flat land ideal for siting heavy plant, deep water channels capable of taking ships up to 250,000 tons and, possibly most important, local authorities which have already fought and won the battle for public acceptance of new industrial development.

Consultants' studies show that the cost of setting up a plant in the area, which is 40 miles north-east of Inverness, are comparable with any other part of Britain. Cromarty also has natural harbours which woud be cheap to develop.

Against this is the area's distance from U.K. markets and the fact that potential developers would be faced with a greenfield site.

The next step for the three bodies is to approach individual oil and chemical companies and present each with a tailor-made case for coming to Cromarty.

"We know that there are world economic factors, which will influence companies' investment decisions, but our general view is that the Cromarty Firth's time has come," Professor Kenneth Alexander, chairman of the Highlands Board said yesterday. "In due course development will come here."

Brighter future

Bringing industry to the firth has been a consuming interest of both the Board and the Highland council for a number of years, but so far they have had only limited success. British Aluminium has built a smelter at Invergordon and Highlands Fabricators, jointly owned by Brown and Root and Wimpey, has a steel platform yard at Nigg.

There is also the controversial proposal by Cromarty Petroleum—a company owned by tanker millionaire Mr. Daniel K. Ludwig—to built a refinery next to Highlands Fabricators' yard.

Planning permission has been granted, against fierce opposition from other oil companies, and the blasting of underground caverns for storing crude oil has begun. Local cynicism over whether the company will go ahead with the full plan persists, however.

Despite these developments, the firth has not taken off as a home for the petrochemical industry—the role for which many people feel it is best suited. Its promoters have discovered that merely being an ideal location is not sufficient to attract companies willing and able to undertake large-scale investment.

The chemical industry is divided over whether expansion of capacity based on the availability of raw material from the North Sea will be justified by future demand for the products and has therefore been hesitant to commit itself as fully as the Government would like. New projects are therefore scarce and the competiton for them from areas of high unemployment intense.

Shell and Esso, which are planning a Scottish gas separator and ethane cracker, looked at Cromarty and went elsewhere.

The future looks a little brighter, though. The Government's insistence that Mesa Petroleum, operator for the Beatrice Field a few miles away in the Moray Firth, must use a pipeline to bring its oil ashore has pointed strongly to Cromarty as the likely landfall and location of an onshore base.

The possibility of a gas gathering pipeline also holds out new hope. The joint public and private enterprise company set up to study the project is to deliver its second report to the Government in March.

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MIDDLE EAST INSURANCE

The biggest and most hazardous growth area for insurance over the past five years, the Middle East, has turned out to be a tougher market than first thought. Local conditions often lead to high risk business and awkward operating conditions.

Coming to terms with the market

By Richard Johns
Middle East Editor

NOTHING COULD have been better contrived to concentrate the attention of the insurance world, particularly its Lime Street heart in the City of London, than the fire at the Julfa customs area on Iran's border with the USSR in 1976. That blaze resulted in material loss amounting to some $175m. A similar one at Khorramshar in 1975 cost $75-80m. It was ironically appropriate that these mishaps should have happened at these import entry points of a booming oil state where the congestion contributed to the heavy bills and reflected the rapid development which has made the Middle East the biggest and perhaps most hazardous growth area for the insurance business over the past five years. Similarly, the explosions at the natural gas liquefaction plant at Umm Said, Qatar, with damage assessed at $75m. and at Saudi Arabia's Abqaiq oil field with losses said to be about $85m. has shown the vulnerability of the installations generating the wealth of the Middle East.

International insurance, like other forms of business, felt the lure of potential profit. In this period new links have been evolved in parallel with the phenomenal growth in the industrial countries trade with the oil producers, their contractors intensive involvement in the implementation of projects, and the creation of new financial relationships.

Proportionately, however, it has probably been less than in other spheres of business because of the restrictions placed by developing countries of the Middle East with the aim of retaining a maximum proportion of premiums. Overall, the bulk of the increase accruing to the international markets, especially London has been in reinsurance. And the spread of risks undertaken has hardly been reasuring.

For the more traditional cargo business, difficulties have been experienced because of port congestion. More seriously, a new challenge has been posed in the Gulf region by the sheer magnitude and value of projects, the vulnerability of oil and petrochemical installations, and the problems of assessing risks associated with these developments of high technology in an environment unfamiliar to newcomers to the area. Complications in the Lebanon arising from the 1975-1976 civil conflict and the accumulation of war-risk claims have yet to be resolved. In the meantime, indigenous institutions have expanded, most notably in the younger States of the Gulf, to cover direct insurance requirements and even undertake an increasing reinsurance capacity in absolute terms, though not in relation to total demand for cover.

For Lloyd's and the big insurance companies the Middle East in terms of business may pale into insignificance in comparison with North America, even if the risks in the former market are increasingly worrying. Nevertheless, because of its oil wealth, the region has been the fastest growing one in the world and this year it will probably be worth over $2bn. A big majority of the direct premium income is retained in the region but an even bigger proportion of it is reinsured mainly in the City. In the region reinsurance capacity is limited despite the creation of Arab pools which as yet are receiving only a small proportion of total income. It has been estimated that no less than 80 per cent. of Middle East business comes to London as reinsurance of which about 30 per cent. retrocedes overseas.

Income

At the Arab Insurance Conference 1977 organised by the Review last November, Dr. Mustafa Rajab, chairman of the Iraqi General Insurance Company, computed direct premium income from the Arab world—with the exception of Saudi Arabia and Lebanon for which figures are not available — at $1.04bn. This showed an increase of 19.2 per cent. over the level of 1975 which itself had shown a rise of 24.4 per cent. over the previous year.

He broke down insurance payments as follows: those of Algeria, Morocco, Iraq and Egypt in the $140m.-$170m. range; Kuwait, Libya and Tunisia in the $50m.-$100m. bracket; Syria, Jordan, Qatar the United Arab Emirates and Sudan at $10m.-$50m. each; and Bahrain, Somalia, Oman, Mauretania and the two Yemens below $10m. According to one recent estimate, direct premium payments in Saudi Arabia are now running at a level in excess of 1bn. Saudi riyals, the equivalent of about $300m., a surprisingly high figure in view of the Kingdom's small population and the taboos affecting insurance there — but not with the risks involved in its enormous and rapid development.

There has been an enormous expansion of business in Iran where the market was valued at $367m. last year. In the 1971-76 period business grew at an average rate of over 50 per cent. annually, with a staggering 100 per cent. recorded in 1975, according to Mr. Javed Mansour, president of Bimeh Markazi, the big state-owned concern. But with the general slow-down the increase was down to 15 per cent. last year and is expected to be in the same region in 1978.

As in other spheres of financial activity, Iran stands alone from the rest of the Arab world—and is also exceptional in respect of the premiums that have to be paid for cover against the hazard of earthquakes. In what has become a very tough and unprofitable market, Bimeh Markazi enjoys a predominant position, not the least from a compulsory 25 per cent. re-insurance requirement from the local companies which include a number of joint ventures with foreign partners. Despite efforts to promote bigger re-insurance capacity, the outflow of premium income on that account remains substantial.

Within the Arab world the local insurance markets present a variegated scene in terms of development of different markets and their sophistication as well as the scope allowed for foreign interests. Generally they are able to look after traditional business including marine and cargo but lack the native expertise to handle the complex problems associated with risks involved in large and sophisticated construction projects.

Services

There are the long-established, state-controlled systems in such countries as Egypt, Iraq and Algeria offering a comprehensive range of services and possessing significant reinsurance concerns but not the flexibility that would come with competition. In line with its merchants fiscal aptitude and fortunes Kuwait was quick into the business in the 1950s. Now 17 companies operate there including a substantial reinsurance concern in a well-regulated market restricted to national concerns.

Bahrain, too, has a couple of decades of experience in partnership with foreign expertise and is reported to have recently been receiving an inflow of reinsurance premiums several times higher than the outflow. However, free-wheeling Dubai is now reckoned to be the biggest market among the smaller Gulf states with about 70 currently operating including 10 locally incorporated, and the market there has been in consultation with Lloyd's about reinsurance facilities. Abu Dhabi is far more restricted. A Federal UAE legislation regulating insurance is planned but it remains to be seen when and if it will come into effect.

Enjoying a quasi-monopoly at home, the Qatar Insurance Company has also undertaken underwriting commitments in the Eastern Province of Saudi Arabia. It also provided the full cover for the Umm Said NLG plant, placing the reinsurance in full in London. Yet the loss of $75m. compares with a full premium domestic income in Qatar of less than $15m.—highlighting the imbalance between locally generated funds and the enormous liabilities. The Oman National Insurance Company is just starting operations and should be in a position to take on the Sultanate's direct risks but will also have to rely heavily for the indefinite future on international markets for reinsurance.

Saudi Arabia is in the anomalous position of not officially recognising the insurance business—on the religious grounds that usury is wrong and one cannot insure against the "Will of Allah"—but still effectively constituting a free market and the biggest area of growth. The device used to overcome this inhibition is to establish locally incorporated agencies with local partners who are reckoned to retain something like two-thirds of total premium income. It is an arrangement which has tended to eliminate the intermediary role of the broker, which has been a matter of concern.

Before its civil war, the Lebanon was the most vigorous centre for insurance in the region with no less than 72 companies operating, of which 16 were wholly locally owned. Quite apart from the fact that many had their offices destroyed, operations have been paralysed by reinsurers' assertion that policies did not cover "war risks"—whether they concern property or goods lost in Beirut harbour. Outstanding claims amount to at least 700m. Lebanese pounds. At least the unresolved dispute over contractual interpretation and Government responsibility has not affected adversely the harmonious relations between the Middle East markets elsewhere and international reinsurers.

Disparity

On the Arab side, despite the wide disparity between markets, a surprising measure of co-operation has been established since the General Arab Insurance Federation was established in 1964. Five pools have been formed and collective arrangements to underwrite big pan-Arab projects like the ASRY drydock in Bahrain. But many of the 80 or so established Arab insurance companies do not participate in the pools. Indigenous reinsurance capacity remains very limited especially in comparison with the high incidence of peak risks and low rate of locally generated premium income.

Notwithstanding the new-found wealth of the oil producers, reliance on and collaboration on the international markets is as great as ever—to the extent that increasingly, the large U.S. companies, in the past almost wholly involved in domestic business, have turned their attention to the region while having misgivings about many of the risks being undertaken. And, with the increasing complexity of the business, the Middle East will still need assistance with training and the provision of personnel.

For Western insurers the unprecedented difficulties in the wake of the oil price explosion caused by port congestion have largely been eased by harbour improvements and shorter waiting times, as well as the introduction of the "port delay clause" premium. A much more serious and continuing problem has been the need to draw up and price the "contractors' all-risks" policies for the jumbo projects being implemented, not least because of the harsh contract terms imposed by clients. Most intractable has been the obligation imposed on contractors by their Middle East clients to give unconditional bonds in respect of performance and advance payments. Only cautiously — at a heavy cost to their customers — is the insurance market finding ways to tackle this responsibility.

Like the bankers, contractors, and other commercial bees, the insurance men flocked to the Middle East. For the brokers, the experience has been profitable enough in certain countries. The insurance companies and underwriters have found an alarming incidence of peak risks in relation to premium income in a competitive and difficult market. It has certainly not proved to be the honey pot that many contemplated.

Many hazards for contractors

THE INCREASED oil revenues in the Middle East have enabled those countries concerned to embark on ambitious and comprehensive national development plans. There has been a demand for massive construction work on a scale rarely seen elsewhere as the oil producers endeavour to industrialise.

This came at a time when construction companies were seeking work, so there was intense competition for the projects being put up for tender. The countries concerned have in general not hesitated to use this buyer's market to impose very harsh terms in their contracts, ostensibly to safeguard their interests, tough terms which include demands for unconditional guarantees, the continuance of fixed-price contracts and the sensitive area of performance bonds.

The contractor has to tie up a considerable amount of his assets in the project, should he be successful in his bid, so failure to fufil the contract and the calling in of a guarantee or bond can spell financial trouble for him. Insurance is very necessary for contractors operating in the Middle East and a new chapter is being written on Construction "All Risks" (CAR) insurance based on the experiences of insurers in the region. The contractor needs to build his insurance costs into his tender, therefore it is necessary that insurers become involved at the outset.

This can raise difficulties where insurance has to be placed with a local insurer. It is doubtful whether the local insurance industry can provide complete cover or meet the contractor's individual requirements. He will need to ascertain the reinsurance arrangements of the local insurance company and seek their involvement early in order to cover any gaps in local insurance arrangements.

Similar considerations apply where the Middle East country as employer provides the insurance. The contractor has to be aware of the shortfalls in his cover and either carry it himself or arrange a "differences in conditions" policy. This is not a satisfactory arrangement either from a cost viewpoint—the combined premium is higher—or from the claims settlement side where two different insurers could be involved. But it is a fact of life when operating in certain areas of the Middle East.

Projects

Contractors usually have their own insurance departments which are used to arrange insurance on projects. Getting involved in the Middle East has been an enlighting experience for them. More and more contractors are using the services of an international insurance broker who is familiar with both CAR insurance, the local insurance set-up, and has access to international reinsurance markets. And he is bringing in the broker at the outset when considering tendering for the contract. Brokers are in a position to deal with all aspects of insurance and can point out the pitfalls.

U.K. construction companies are having to battle under very stiff conditions for contracts against companies from a variety of countries. The U.K. insurance broker, on the other hand, stands supreme in arranging CAR insurance and is usually involved in arranging insurance on Middle East projects, irrespective of the country of origin of the contractor.

Next, underwriters have found that there are very different operating conditions in the Middle East, which make assessment of risks quite a problem. Every schoolby knows that the region is largely desert with an annual rainfall of less than 10 inches. What was not appreciated was that this rainfall tends to come in one heavy downpour, known as a "flash flood." A single heavy fall can do more damage than ten times the rainfall spread evenly.

Its significance was not appreciated until people began to find out the hard way, incurring severe losses. The necessary statistics were just not available so underwriters could not assess the frequency of occurence of "flash floods."

The other natural hazard of which underwriters took insufficient account was high winds. These can cause considerable damage inland, but even more so at harbour construction projects on the exposed coasts. The winds can whip up massive waves like the famous "Tsunami," making harbour construction hazardous.

Up to now, underwriting experience in the Middle East has not been satisfactory, indicating that insurers, in their endeavours to get into the area and its alleged riches, have not only cut their margins to the bone, but have operated on inadequate premium rates. The position is being resolved, but it has again underlined the need for prudence when operating in a comparatively new and unknown area. It has also emphasised the need for complete co-operation between insurers, brokers and contractors in order to provide full insurance protection.

The other sensitive area in the insurance of contracts relates to the provision of guarantees and performance bonds. This is a normal business procedure and relates primarily to banking and credit operations. Yet the insurance industry is becoming more involved since the size of guarantees and bonds is such that a call on them can spell trouble for the contractor

The contractor should ensure that his own work under his own control is of sufficiently high standard so that a call is not made under the contract. But local conditions and the use of sub-contractors may ensure that much of the operation is not under his control. Shortage of local labour and delays by sub-contractors may result in deadlines being missed and penalties being paid. The need for credit insurance facilities to supplement CAR is essential.

But even more potentially dangerous is the political risk involved. The common practice now in fixing contracts is to impose on-demand performance bonds—a practice unheard of in normal commercial transactions. These bonds can be called in at any time, irrespective of whether there has been an actual breach of contract or deficiency on the part of the contractors. And the practice is being introduced to make contractors responsible for up to ten years after the contract has been completed. Furthermore, there is nothing the contractor can do about it. Two attempts made in the U.K. courts by contractors to hold up banks making payments under the bonds—the Harbottle case and the Edward Owens case—failed. Judgments made it clear that, under the wording of the bonds, there was no need to show a breach of contract before calling in the bonds.

In these circumstances, it is asking rather a lot for U.K. insurers to cover a risk that looks to be uninsurable. This is an area in which state backing is the only real solution and unfair calls can be dealt with on a state to state basis. Nevertheless, the Export Credit and Guarantee Department offers a type of insurance against unfair calls, as well as providing a whole range of credit and political risks insurance for contractors operating overseas, either through the default of the buyer or from other causes. The 100 per cent. ECGD guarantee is sufficient security for banks to offer finance to contractors at favourable rates.

A leading U.K. credit insurer—Credit and Guarantee Insurance—is now offering an alternative, the Supplier Default Bond. This is a combination of credit insurance and guarantee underwriting procedures. It aims to protect the buyer of the contractor's services against all reasonable default on the contract, but not leave the contractor open to unfair calls on guarantees. The company feels that the use of this bond will be accepted as an alternative to the on-demand performance bond. It certainly hopes that it would lead to a restoration of normal business practice to the benefit of all concerned.

Eric Short

Learning to spread the big risks

THE IDEA that the suddenly "rich" Middle East companies and governments would prove to be among the best and least troublesome insurance risks the world market had yet encountered was perhaps the most unfortunate bit of folklore to gain currency at the start of the 1974-76 oil price boom. The combination of free-spending oil states, rapidly building up huge capital assets, good weather and—at least away from the Arab-Israeli war zones—political stability, proved irresistible to all too many foreign direct insurers and brokers.

Many insurance professionals (and not only foreign ones) expected that given this environment, the immense programmes of industrial, port and new town construction started in Saudi Arabia, the Gulf states and elsewhere in 1974 would produce the ideal mix of large premium inflow and relatively few major claims.

Sustained belief in this scenario of quarter-truths would have depended on almost all the developments (or in some cases lack of developments) in the region's insurance markets in the past three years not taking place. Fortunately for all concerned in both the international markets and the region's own tyro insurance industries — particularly in relation to handling the area's ultra-large property and liability risks — events in 1975-77 quickly dispelled most of the myths.

Jumbo

In dealing with the so far relatively few (but fast-growing) jumbo risks, lack of national and regional capacity remains the number one problem. Despite a big increase since 1974 in both intra-Arab collaboration and, in percentage terms, volume of premiums written by Middle East-controlled companies, the so far essentially "lumpy" nature of the regional market has held up the desired development of a true pan-Arab or Arab/Iranian insurance industry.

Insurance is all about transferring and spreading risks through the premiums of those insured over as wide and as balanced a portfolio as possible. The Middle East industry is still at the stage of trying to tackle the appalling problems of handling relatively few large potential catastrophe risks, virtually unbacked by the bread-and-butter income which insurers in industrial countries earn from their wide spread of routine low-risk business.

Catastrophe risks and claims are not new to the Arab-Iranian world. Iraq, Iran and Saudi Arabia had developed large-scale oil production by the 1940s (as virtually their only indigenous industry) and the then foreign operators would have been accustomed to dealing with occasional fire and blow-out losses. This was mainly through recourse to their own overseas captives or self-insurance funds. Now, with the nationalisation of oilfields in most Middle East countries effectively completed, governments are insisting that oil risks be transferred mainly to national (or where they exist, nationalised) insurers. For an important section of potentially large industrial risks, therefore, locally available capacity has actually been reduced. (In any case, the oil companies' captives do not cover risks on assets which they no longer control.)

Beyond oil, the Middle East insurance markets are now at the stage where the biggest business and the biggest potential losses are not yet in the obvious — direct fire-property branches but in what amounts to development-risk insurance — contractors' all-risks (CAR) and engineering covers for plant, buildings, ports and infrastructure in course of construction, as well as workers' compensation and other liability business. (CAR problems are dealt with elsewhere in this survey). But the big operating risks and the need for cover of large installations when fully in use are now emerging. Three major disasters in the Middle East over the past 18 months have given a dramatic warning of the problems insurers face in handling jumbo risks.

These were the fires at the Julfa Customs warehouses on the Iran-Soviet border in August 1976, where the Iranian State insurer Bimeh Iran, backed by London reinsurers, probably absorbed most of the estimated \$175m. of buildings and cargo losses; the devastation by explosion of the gas liquifaction plant at Umm Said in Qatar in April 1977 (about \$75m. of losses); and fires in the Abqaiq oil pumping station and pipeline in Saudi Arabia in May (up to \$85m.).

The difficulties facing Middle East national insurers attempting to follow the Arab policy of maximum premium retention too literally and too quickly is dramatised by the Umm Said loss. The potential claim here was at least six times the total 1976 premium income (\$11.6m.) of Qatar's infant direct insurance industry.

Premium

In the Arab-Iranian world as a whole, direct premium income of all companies in 1976 probably did not exceed \$1.5bn. (including \$300m. in Iran). The top half-dozen U.S. insurance groups, the two leading U.K. composites and at least one European continental company each have a written premium income equalling this total or exceeding it by a big margin.

The international market now almost universally understands and sympathises with the aspirations of Middle East governments and the General Arab Insurance Federation to create and develop a strong, efficient regional industry and market, capable of dealing with large catastrophe risks as well as run-of-the-mill "tariff" business. For their part, the GAIF and national companies increasingly understand that the way towards this ultimate objective is a combination of inter-Arab co-operation and collaboration with the international market on properly rated reinsurance and coinsurance as well as insurance technical training. In rating, accepting and then if need be paying out on large reinsured risks, both foreign and local insurers now appear to accept that neither aggressive competition nor cut-price covers will pay dividends in the longer term.

At the recent Arab insurance '77 conference in London, Dr. Mustafa Rejab, vice president of the GAIF and chief executive of Iraq Re, described how the Arab market was developing a growing number of methods for utilising the potential of Arab insurers before having recourse to foreign reinsurance. These included, for larger and more complex risks needing special arrangements for adequate direct cover, such procedures as Potential Maximum Loss rating, the introduction of limits per occurrence and layering. Also in direct business, permanent or temporary coinsurance consortia of local underwriters have been set up to cover such projects as the Bahrain drydock and the new Arab tanker and dry cargo fleets.

In the reinsurance field, attempts to retain premium in the Arab world and to spread risks regionally are so far meeting with less success. Besides some six national professional reinsurers in various countries, there are two regional reinsurance companies set up under GAIF auspices, the Arab Re and the Arab Union Re; and five specialised reinsurance pools each managed by a national company — aviation (Egypt), engineering (Iraq), fire (Tunisia), marine cargo (Kuwait), and marine hull (Morocco).

The difficulty with the pools has been in persuading national companies to participate as retrocessionaires. Bearing in mind that some 80 national companies now belong to the GAIF, it is clearly disappointing that only 27 belong to the aviation pool, 23 to engineering, 17 to fire, 25 to marine cargo, and 17 to marine hull—and that they tend in each case to be the same group of companies.

Outward foreign reinsurance of Middle East risks, large and small, is also dealt with in more detail elsewhere in this survey. Of all insurance activities, reinsurance has been subject to the warmest collaboration and mutual trust between the Arab world and Iran on one hand, and the international market, notably the London market, on the other. In the field of potential catastrophe risks, however, London reinsurers are certainly not complacent about the problems involved. Underwriters in London (and in New York, Munich and Zurich, where Middle East treaty arrangements also exist) are currently emphasising the need for an adequate reinsurance premium income from Middle East treaties and at the same time more prudent use of by treaties some Arab companies, particularly the newer ones.

J. J. Pryor

Reinsurance facilities essential

INSURANCE CANNOT operate, except on a small scale, without adequate reinsurance facilities. This is axiomatic in the insurance world. The insurer needs an adequate portfolio of business so that he can spread his risks—but that in itself is not enough. He needs to achieve an even greater spread by using reinsurance facilities. This is known in insurance jargon as providing additional capacity.

The risks to be insured in the Middle East are massive—oil installations, petro-chemical and other industrial complexes, harbour and other construction projects, representing insurance in hundreds of millions of dollars. But the normal "bread and butter" risks are not available in sufficient quantity for insurers to achieve a balanced portfolio spread in the region. The need for reinsurance on a world-wide basis is paramount for the Arab insurance industry to operate efficiently.

The need for reinsurance facilities has been highlighted by the explosion at the Umm Sa'ed gas liquification plant at Qatar. The cost of this disaster is put at some $75m.—six times the total annual insurance premiums in Qatar.

The problem facing Arab insurers has been to decide how much business should be retained by the local insurance industry and where reinsurance should be placed. There is always the desire to retain as much of the premium as possible within the country, partly for pure nationalist reasons and partly to avoid an outflow of currency abroad. But Arab insurers have appreciated that too high a level of retentions cause fluctuations in experience which can jeopardise solvency. They have also accepted the need to protect themselves against regional catastrophes by reinsuring outside the local insurance industry.

A landmark in the development of Arab insurance was the formation in 1964 of the Arab Insurance Federation, which has lead to greater co-operation between Arab countries in providing reinsurance facilities outside the local area, but within the Arab world. This resulted eventually in the creation of various Arab reinsurance pools. The aviation and engineering pools started in 1968, followed by the fire pool in 1971, the marine (cargo) pool in 1972 and the marine (hull) pool in 1976.

There were four primary objectives behind the formation of the pools. First, they were designed to share business among member countries to ensure that the retention capacity of each was better utilised. The pools were intended to assist the overall Arab insurance industry in keeping more business within the region, in addition it was intended that they would restrict the outflow of foreign exchange which resulted from effecting reinsurance outside the Arab region. Finally, it was a big step in promoting closer collaboration between the various insurance markets in the Arab world. This has now resulted in the establishment of various Arab reinsurance companies—about which more will be said later.

The management of each pool is entrusted to a member company, and understandably, the managers of the pools are spread over the region. Aviation is managed in Egypt, engineering in Iraq, fire in Tunisia, Marine (cargo) in Kuwait and marine (hull) in Morocco. The management company handles the administration and receives a small percentage of the premium income as remuneration.

The management company is responsible for dealing directly with members of the pool and deciding on technical matters, including the business which is accepted. The terms and conditions on which business is taken are in line with those which the ceding company receives from its main insurers.

This development, which sounds excellent in theory, has not been in line with original expectations. Growth has been comparatively slow for three main reasons. To start with, there is only limited participation, and the pools do not have the full support of all members of the General Arab Federation. By 1976, 75 companies had joined the Federation, but only 24 supported the engineering pool, 17 the fire pool, 14 the marine (cargo) pool and only 11 the marine (hull) pool. The aviation pool, by its very nature, only accepts a limited number of Arab aviation risks.

Then those members who do use the pools do so in a very modest way, insuring only a comparatively small percentage of the original risk. Insurance and reinsurance requires confidence that claims, when they arise, will be paid promptly and in full. Perhaps there has still not been sufficient time to build up this confidence. Anyway it would appear that the managers of each pool are making personal contacts with members to endeavour to persuade them to increase the size of risk reinsured with the pool.

Finally, the portfolio spread is not adequate on its own and the pool has to seek further common account reinsurance protection to avoid the danger of accumulation and catastrophe hazards. This course of action involves extra expenses for the pool, placing an undue heavy burden on the limited premium income.

Indeed it seems like a vicious circle. The members will not support the pool because it is not big enough, and it cannot grow because of lack of support. It will be interesting to see how this develops over the next few years.

The Federation has also encouraged the establishment by Arabs of reinsurance companies as distinct from pools. The first was the Arab Reinsurance Company which was established in Beirut in 1972 by members of the Arab General Insurance Federation. It receives a percentage of the reinsurances of those companies with an equity stake in it. Arab Union Re was formed by the Governments of Egypt, Libya and Syria in 1976 operating from Damascus. It handles compulsory reinsurance from all companies transacting insurance in the three countries.

amounting to 10 per cent. of the risk. There have been other reinsurance companies formed with the objective of increasing capacity within the region as well as accelerating regional co-operation.

But these developments have not stopped Arab insurers from seeking world-wide reinsurance facilities, indeed the spread of risks on a world-wide basis should not be held back by the need to stop the outflow of exchange. It is money well spent. The relationship between Arab insurance companies and the international insurance and reinsurance markets has always been harmonious and has been strengthened despite this drive to be more self-reliant.

Technology

There are many ways in which overseas insurance and reinsurance companies can materially help Arab insurance beyond the provision of reinsurance facilities. The rapid growth in technology has meant that assessing and underwriting risks has become extremely complex, especially in the engineering, petro-chemical and even marine areas. Expertise takes years to acquire and these days underwriters need the back-up of a team of experts. International companies can materially assist in the underwriting process by being involved at the beginning when a risk is under consideration.

Now much more emphasis is being placed on risk control and risk management and insurers are being closely involved in advising management on these subjects. It is a new science which is growing rapidly and the larger insurance companies are passing on their techniques to assist Arab insurance operations. Finally, the insurers are assisting in many ways with the training of Arab insurance personnel.

But reinsurance is not likely to remain a one-way flow from the Arab companies to the major world insurance centres. There is a general world-wide problem of finding sufficient capacity. The development of an Arab reinsurance industry taking business from the rest of the world will be regarded as a welcome move in the development of global insurance.

Eric Short

Uneven growth in the Gulf States

THE OIL price explosion of 1973-74 posed new problems and challenges to the international insurance business—as well as the lure of profits. Inevitably, also, it led to a growth of indigenous institutions in the Arab producing states of the Gulf. The development of the sector in the region, while expansionary, has also been uneven.

Predictably, Kuwait—with its relatively greater financial expertise—has evolved the best regulated market. That of the United Arab Emirates has expanded fastest—with all the perils involved. Typically, cautious Saudi Arabia has been slow to assert itself despite the enormous fortunes generated there. Rapid growth has meant that the problems have been as big as the rewards for local and international institutions.

Economic recession, or slowdown to be more precise, that began in the Gulf states in the spring of last year, has given the insurance companies a chance to assess their newfound markets and review their marketing strategies. For insurance men as for contractors, bankers and fancy goods salesmen, the boom in the Gulf States has been a mixed blessing. There was certainly a vast increase in business but it was sometimes both difficult and expensive to secure. For some it has proved more unprofitable than comfortable.

Misgivings

The two areas of greatest growth for the insurance marketing men were marine risk—including the insuring of cargo in transit—and contractors' "all risks" which kept pace with the building boom in all the Gulf States. With the dramatic slowdown in imports in recent months and the completion of many construction contracts, fire and other post-completion risks are seen as a major growth area. Motor business is rather muddled with the exception of the markets in Qatar and Bahrain where it is actually profitable though in the latter, misgivings are apparent.

Problems with freight insurance stemmed largely from the rapid growth in imports which totally swamped all the Gulf states' ports and airports, far outstripping their handling abilities. Most of the Gulf states found themselves trapped in a vicious circle. They needed to import machinery and equipment to improve their port facilities but capacity was too overloaded to handle the cargo. One UAE-based insurance consultant (the UAE does not authorise "brokers") comments that the insurance sellers consistently underestimated the problems of importing, especially in Saudi Arabia.

Before the economic boom the mainstay of insurance business was mostly freight-related. The Gulf states have to import almost everything they consume. Cover was arranged through agencies of major Western, principally British, insurance companies which were held by the major Arab trading families. In Bahrain, for instance, Y. B. A. Kanoo acts for Norwich Union—and in other states where it has offices. There was a little scope for life insurance—most for expatriates. Motor business came about as states made third party insurance compulsory (not all do).

Locally incorporated, or locally financed, insurance companies are fairly recent creations in most Gulf states. The major exception is Kuwait where there have been local concerns in operation since the late 1950s. By contrast, it is impossible to register an insurance company in Saudi Arabia, where charging for premiums for coverage against risk is reckoned to be as unethical as charging interest on bank loans (in accordance with strictest Wahhabite tradition).

Of all the Gulf states the UAE has the highest number of insurance companies present. It is estimated that there may be as many as 70 operating there of which only 10 are locally incorporated. The oldest of the indigenous houses is the Dubai Insurance Company incorporated in 1970 which has a fully paid-up capital of 2m. UAE dirhams (£270,000). In 1976 its free reserves stood at 6m. dirhams. A joint stock company, started by eight merchants of Dubai and chaired by Majid al Futtaim, it now has around 64 shareholders.

Not all the insurance companies in the Emirates, however, are as solid as DIC. The weakness of others is a matter of some concern to officials and senior insurance men. An association was set up in 1973 to act as a self-policing body for the business. Legislation to control and monitor insurance companies has been promised for the past three years.

Third-party motor insurance is only compulsory in Abu Dhabi and Ras al Khaimah. Competition is fiercest in this field. "The degree of competition in all insurance sectors here is quite ridiculous" one expatriate insurance manager comments, casting unkind doubts on the abilities of some of the smaller companies to meet claims promptly or in full.

"Most of the insurance business in the Emirates has gone to local companies," comments the manager of one such insurance business. But only in Abu Dhabi is there any official preference to use local companies. Government contracts go through either the Al Ain National Insurance Company or the Abu Dhabi National Insurance Company. Until this month the Sharjah National Insurance company enjoyed a monopoly in that Emirate but its Ruler has now declared it is strong enough to face competition.

The Sharjah Ruler's decision leaves the Qatar Insurance Company as the only Gulf concern with a virtual monopoly in its market. All Qatar Government business is placed through QIC. Much of it is big premium business related to Qatar's oil and gas facilities as well as its developing heavy industry. The position can have its disadvantages when major disasters occur—such as the destruction of one of Qatar's natural gas processing plants.

While QIC takes over 70 per cent. of total premiums there are five other agencies also operative in Doha—Arab Commercial Enterprises (which plays also a major role in Saudi Arabia), Arabia Insurance (also with a branch in the Kingdom), National Insurance of Egypt, American Life and Atlas. These were all operating in Qatar in the mid-1960s.

There is no doubt that (as with the banking sector) the UAE will eventually produce some regulations to control the still burgeoning insurance business but hopefully there will be no crisis similar to the closure of the Ajman-Arab Bank last summer and the temporary suspension of the Janata Bank (of Banglashesh).

The UAE draft legislation apparently follows fairly closely on the Kuwaiti pattern. The business there is by far the best regulated in the Gulf. Like banks, insurance companies in Kuwait operate under tight restrictions.

The 1961 law on insurance companies states that Kuwaiti companies must have a minimum capital of 150,000 Kuwaiti dinars (£925,000), or KD225,000 for non-Kuwaiti companies. All companies must also pay a deposit in order to start doing business. The amount of deposit varies with the sector. For life business it is KD40,000 and for all other sectors KD30,000.

Some Kuwaiti insurance managers believe that, given the rate rate of inflation of recent years and the increase in the minimum compensation for death of KD6,000 per capita, these deposits are not high enough. The companies also have to keep in Kuwait funds equal to 30 per cent. of their total premium income from life and general accident business and 15 per cent. of the premium income on marine business.

Income

There are about 21 insurance companies operating in Kuwait of which four are local companies. The three principal Kuwaiti insurance companies—Al Ahlia, Gulf Insurance and Kuwait Insurance—were all operating in the 1960s. It was not until 1976 that the Kuwait Government permitted the establishment of another Kuwaiti insurance company, Wahba, in which it took a shareholding. "For almost 15 years there were no new insurance companies in Kuwait; this protected the market and enabled strong companies to be built up," according to an insurance man in Kuwait.

Total premium income in Kuwait in 1976 was KD29m., an increase of around 30 per cent. on the previous year, during last year it is expected to have reached around KD40m., largely owing to inflation. The most profitable sector of the Kuwaiti insurance business is fire and accident (excluding motor) and marine is virtually running at a loss though improvement is expected this year because the port will be better equipped and managed. Third party motor insurance has been compulsory in Kuwait since 1959 but there are some 300,000 vehicles in Kuwait; a number that increases by about 50,000 a year, and the standard of driving is not high.

Bahrain has managed to be a relatively orderly market with very little in the way of regulations. The obvious reason for this happy state of affairs is the relatively small scale of risks insured there and its businesses, as well as its long-established, self-contained trading tradition. As in Kuwait, insurance in Bahrain began to develop in the mid-1950s with a number of agencies being held by leading merchants. The advent of a labour law added the concept of liability insurance to the existing trade related business, third party motor insurance followed on the introduction of traffic regulations by the mid-1960s.

A number of locally-owned companies operate in Bahrain. "It is not only developing nationalism but also interest in cash flow that leads people to set up local insurance companies," commented one observer in Bahrain. National Insurance Services, a wholly Bahraini-owned insurance and reinsurance broking company, has just been formed.

However, almost all the other Arab owned insurance brokers operating in the peninsula have Western brokerage houses as minority partners. Bahrain, for some unidentifiable reason, has better than average loss ratios which, according to the local broker, could mean that it would draw in more than its fair share of reinsurance money.

Doina Thomas

More measured pace in Iran

"SOONER OR later there will be a major earthquake in Tehran, and a lot of companies will go out of business" a leading insurance man commented the other day. In the past couple of years several companies, both Iranian and foreign joint-venture, have been running very close to the margin.

The period since the oil price explosion of 1973-74 has been the most difficult for the industry in many years. The volume of business has shot up, particularly on the marine side. But, proportionately, claims have been higher. The basic inadequacy of the country's infrastructure—whether it be port congestion or the lack of fire-fighting facilities—and too low premiums have been the despair of those foreign insurance companies which came in at the time of the boom, seeing the large profits that had been made until then.

With 14 private sector companies now operating, half with foreign interests, there is probably little space for new entries. Two licenses offered by the state controlling body, Bimeh Markazi, have gone begging for many months. Instead the authorities would like to see foreign capital and expertise buying into established companies, as the Insurance Company of North America (INA) did recently when it paid $750,000 for a 25 per cent. stake in Bimeh Shargh, one of the smaller Iranian companies.

The market as a whole was worth some $367m. last year, and the industry is looking for a volume increase of about 15 per cent. this year compared with last year's 14 per cent. growth. Iran's economy is just beginning to climb out of what one foreign expert has described as "the nearest an oil producer can get to a recession," and as it picks up so the insurance industry is expected to go with it.

As a whole Iran remains vastly underinsured, both in private and commercial life. Despite a rapid diversification into new areas over the past three years, the marine sector still dominates the industry, taking a 54 per cent. share last year, and it will continue to be very important in the coming 5-10 years. Vehicles has grown rapidly to 30 per cent. and fire, mainly industrial, is another 22 per cent. Each of these sectors has, in its own way, been unattractive.

Marine losses were very high in 1975 and 1976, partly because of congestion at all Iran's entry points, by land and sea, and partly because of two disastrous fires. The one at Khorramshahr on the Gulf in July, 1975, resulted in $75m.-$80m. losses. Claims arising from the blaze at Julfa customs area on the land border with the Soviet Union, are put at $170m. The market is still digesting these two losses which seriously affected the balance-sheets of several companies.

Vehicle insurance is unpopular with underwriters anywhere in the world, but nowhere more so than in Iran, where the accident rate is horrifyingly high and the capital has the highest incidence of road death in the world. The cost of repairs and medical treatment has been soaring. This automatic loss-making sector is grudgingly undertaken by all the companies in Iran, but the state-owned giant, Bimeh Iran, takes the brunt.

Meanwhile, the industrial fire sector has caused losses for some companies. A senior executive of a joint-venture insurance company explained despondently how in the first four months of this financial year, two fires alone, in Qazvin, had cost his company $14.25m., or threequarters of the available premium income. Lack of water, fire safety measures and public fire-fighting services is a major worry for insurers who can only see the problem getting worse as private sector industrial growth continues.

All might be well, they argue, if it were not for some features of the industry peculiar to Iran. Above all there is the overwhelming dominance of Bimeh Iran, the State company which takes over 60 per cent. of all business and has a monopoly on the lucrative public sector. Second, the officially set minimum premium levels in practice become the norm, because of the fierce competition that exists: and it is generally agreed that these are too low to allow reasonable profits. Third, there is a mandatory 25 per cent. reinsurance requirement with Bimeh Iran, and insurance company executives say this retention does not allow them to build up sufficient levels of reserves to cope with the earthquakes and the big fires that are so much more likely to occur in Iran than Europe of the U.S.

Insurance is an oddly structured industry in Iran. With Bimeh Iran, two other large companies—Melli, owned by the Pahlavi Founlation, and Alborz/Yorkshire (of the General Accident group) — have about 90 per cent. of the premium load. The other big British firms are represented through the Royal in a joint venture known as Bimeh Hafez and Commercial Union, with Bimeh Dana. The American International Underwriters Group (AIG) has a 35 per cent. share in the Iran-America company: while French and German interests are represented in Bimeh Tehran. The newest is the INA with its purchase of part of Shargh — a venture which will give the local firm much needed expertise.

All the companies compete in all the main areas of business. But the most innovative and go-ahead firm is Iran-America, which has successfully pioneered life insurance in Iran and plans next year to go public, the first insurance company to do so.

Apart from life insurance which is beginning to catch on (and last year turned Iran-America round from the red the previous year), other new areas in the past three years are household and personal health. Good returns are being achieved, but they are still tiny sectors and it will take some time to educate the public to their virtues. Perhaps the most significant new phenomenon in what is still basically an underdeveloped market has been the arrival of the top European broking firms. Clarkson came first, four year ago, and there are now 26 registered companies. Gradually the brokers will erode away the old, unhealthy personal relationship that the established insurance companies have with their clients in Iran—thus providing better service.

Growth

The Iranian authorities are keen to encourage the growth of a local reinsurance market. At the moment nearly all the reinsurance is placed in Europe, with a small amount in the Far East, the U.S. and locally. As the size of the risks have grown, so naturally has the reinsurance business.

For the moment the focus of attention for the industry as a whole is on the government to see if it will respond to the difficulties most companies are facing. After a period of rapid growth it is settling down to a more manageable pace: and one that ought to bring a more professional approach to what has until recently been a badly managed industry. Realising only a fraction of its potential, "insurance in Iran is still 15 years behind banking" a foreign insurance executive commented—and that says a lot.

Andrew Whitley
Tehran Correspondent

Management improves

THE BASIC raw material in the operation of an insurance industry is money. Without a strong capital base which has the capacity to expand with increasing business, no insurance industry can get off the ground. Insurers have to demonstrate that they can pay claims when they arise without going out of business. The need for adequate reserves is essential. The oil wealth in the Middle East is now providing that capital base in those countries which have the oil, and one purpose of the General Arab Insurance Federation is to spread that capacity over the whole region.

But like all other industries, capital by itself is not sufficient. There has to be sufficient labour available with the necessary skills to make good use of that capital in an efficient manner. The insurance industry needs expertise of a high order and with especial skills in order to function successfully. Some Arab countries, such as Egypt, Iraq, Algeria and Morocco have well-developed insurance markets with considerable insurance expertise.

In general, however, the available expertise is spread far too thinly over the region. The plans for closer co-operation between the various Arab insurance industries has helped considerably in making best use of expertise and spreading it around. Many of the new national insurance companies are run by experts from the better developed insurance markets such as Egypt and Iraq.

This overall lack of sufficient expert manpower has serious consequences in areas where nationalist pride insists that all insurance is placed with the local market in the first instance—or at least through a local agent. If the business is badly written in the first place, either at inadequate rates or with unrealistic cover, then there is little that the international reinsurance market can do, except turn it down, and that could be embarrassing on both sides.

Fortunately, relations between Arab insurers and the international insurance markets have remained extremely cordial. The old major world insurance markets can do much to help provide expertise and management to Arab insurance industries: help that takes two forms—direct and indirect.

It used to be the practice for the large multinational insurance companies to set up branches in the overseas territories, with top posts being staffed by skilled expatriates. Expertise was immediately available both through the expatriates themselves and from the head office parent company. This benefited not only the branch and its local employees as regards training, but other local insurance companies in the country. Now matters are quite different and control of insurance is in local hands. However, some Arab companies have appreciated that direct contact with representatives of overseas insurance concerns is beneficial to the running of insurance and is in everyone's interests.

One form this involvement takes is to allow the overseas insurance concern to acquire a minority equity stake in a local insurance company and allocate one or two seats on the board to that concern's representatives. Such a move provides the local insurance company with expertise at the top, available when required, as well as providing the necessary contacts with international insurers and reinsurers. This practice has been followed in some cases in Saudi Arabia—one of the biggest insurance markets but with no national insurance company—and in the Gulf states. Both the U.K. insurance companies—like Commercial Union—and U.K. insurance brokers—such as Hogg Robinson and Sedgwick Forbes—have been involved.

U.K. insurance brokers have also been steadily expanding their branch network in the Middle East with the object of keeping in close contact with local insurance centres. Not only do they then have men on the spot liaising regularly with local insurers and agents, but they can call in top management and other expert help from head office at short notice. Aviation has made the world a much smaller place, and the senior executives of the leading U.K. international insurance brokers now expect to spend much of their time abroad and are used to living out of suitcases.

This branch establishment now means that expertise is at the elbow of local insurers and agents when required. And it is a necessary requirement when jumbo-sized risks are being dealt with. Local insurers are getting the reinsurers involved at the outset, thereby achieving guidance on terms and conditions for placing risks. In addition, underwriters these days need a technical back-up staff to help understand and assess the risks involved. The branch establishment can materially assist in providing this technical expertise to supplement that already available to Arab insurers.

The strong sense of cameradie which exists between insurers throughout the world has already been referred to. This has not been affected by increasingly intense competition between world insurers. There has always been frank discussion on the more general aspects of insurance and a free interchange of ideas between insurers. The close links between Arab insurance industries and international insurance markets have maintained this flow of information in both directions.

This leads to the indirect means through which overseas insurers and insurance brokers are helping in the provision of management and expertise to Arab insurers—in education and training. There is a long history and tradition, going back over 100 years, of general education between the Arab countries and the West, especially the U.K., France and the U.S.

But training at a university for a career in insurance is only the first step towards acquiring insurance management skills, even if the course is orientated towards insurance. Real training has to come from working with other insurance personal and learning from them. The skills of underwriting, of administration, of investment and of management in general are still as much an art as a science. The fundamental principles and disciplines of underwriting have not altered because the risks have become more technical. In the insurance industry, there is still no substitute for experience in the insurer's or the broker's office.

Insurance companies, brokers and professional institutions in world insurance centres are making educational and training facilities available to Arab insurance personnel. Currently, there are possibly hundreds of Arab students and insurance trainees in the U.K., France and the U.S. learning at first hand how insurance operates in those countries.

This training can take many forms. There is a course for overseas students explaining how the unique world-famous insurance institution—Lloyd's of London—functions. Insurance companies and brokers alike have trainees working in their London offices alongside regular employees. Some of these training periods can be as long as two years. It is not easy to explain 300 years of development in a month.

This provision of education and training is possibly the most useful and abiding method by which the international market can contribute to the growth of Arab insurance. The third ingredient for a successful insurance operation is trust between all parties concerned in the transactions. These training facilities can do much to promote trust and confidence between Arab insurers and those outside the Middle East—a factor that must help in the future world-wide growth of insurance.

E.S.

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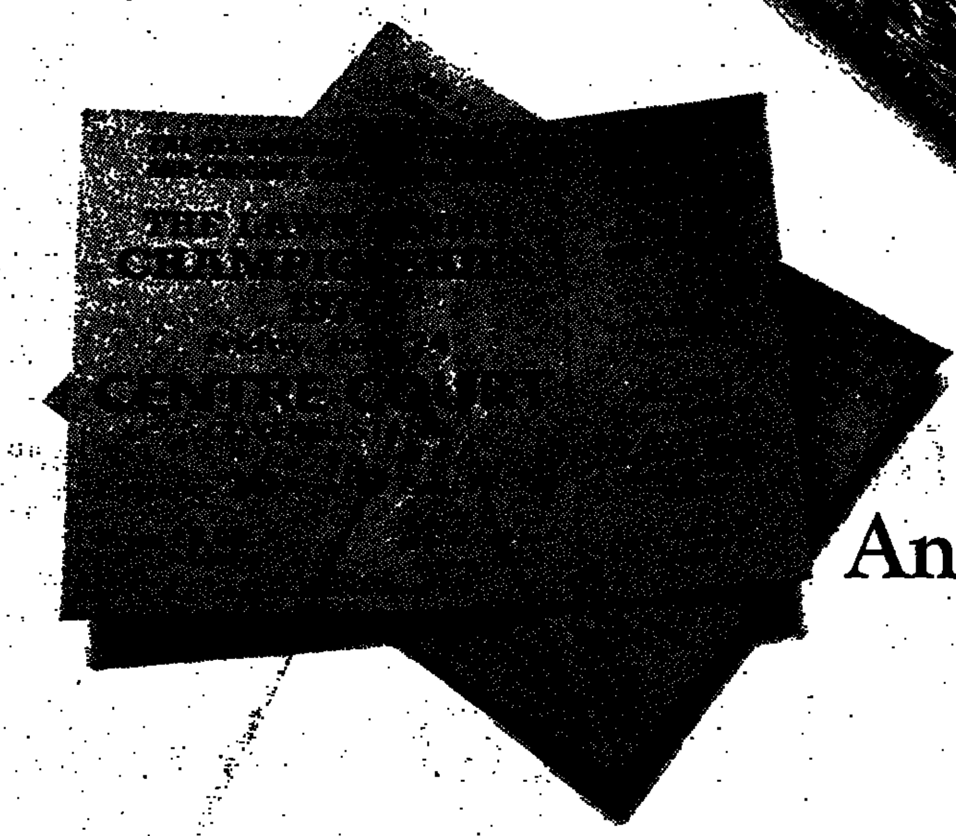

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PARLIAMENT AND POLITICS

Tory MP wins vote on picketing curbs

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

TO THE ACUTE embarrassment of the Government a Tory backbencher, Mr. Nicholas Ridley (Cirencester and Tewkesbury) yesterday succeeded in introducing a Bill to limit picketing and to prevent the occurrence of violent scenes like those which took place outside the Grunwick plant.

Significantly, the Labour benches could not muster enough MPs to block the measure, even though the Liberals joined with them in voting against it.

Among the Tories voting for the Bill were Mrs. Margaret Thatcher, Leader of the Opposition, Mr. James Prior, shadow Employment Secretary, and Sir Geoffrey Howe, shadow Chancellor of the Exchequer.

The proposals came under strong attack from Mr. George Park (Lab., Coventry NE), a former AUEW shop steward, who complained: "It would be lopsided, seeking only to restrict the activity of pickets and to hobble the trade-union movement. It would be liable to exacerbate rather than help solve the problems."

By a majority of six (187-181) Mr. Ridley was given permission to bring in the Bill under the 10-minute rule. It has been put down for second reading on Friday, April 21, but has little chance of being discussed on that or any subsequent day.

This is the normal fate of 10-minute rule Bills and last night Mr. Ridley was resigned to the fact that it has little chance of being aired again. Nevertheless, he was perfectly content to have won a tactical victory and to have given the Government a black eye.

The measure, the Picketing (Registration and Control) Bill, would give the Home Secretary power to restrict picketing to a limited number of people who would be authorised and identified by the trade unions concerned and would be separate to those who wished to demonstrate in support of a strike.

To add to the discomfiture of the Government, Mr. Ridley argued that it was a non-controversial Bill because it was based on words used by Mr. James Callaghan, Prime Minister, when the Grunwick row surfaced in the Commons in June.

The Tory MP recalled that Mr. Callaghan had told the Commons that legitimate pickets should be properly identified at Grunwick's and that those who wished to demonstrate in support should be separately organised. The Prime Minister had also suggested that there should be a limited number of pickets outside Grunwick.

Mr. Ridley said he hoped to put Mr. Callaghan's name on the Bill as one of its sponsors.

He explained that under its terms, pickets would give the police their names and would wear arm bands. Their numbers would be limited to 10 or 12 at each factory gate.

In support of his case, Mr. Ridley quoted the words of Lord Birkenhead on picketing in 1906, when he had asked: "If peaceful persuasion is the real object, why are 100 men necessary to do it?"

Opposing the Bill, Mr. Park described it at a "bubble-and-served up to the House and rejected before.

He reminded MPs that Mr. Albert Booth, Employment Secretary, was already in consultation with interested parties to see if some alternative on picketing could be arrived at which would command general support.

He thought Mr. Ridley's reforms were open to a number of serious objections. They were one-sided and did not take account of the difficulties facing pickets. The Bill did not deal with the methods adopted by newly formed police groups in dealing with mass picketing. On occasions, these methods had amounted to provocation.

Mr. Park suspected that Mr. Ridley's Bill and the wide support it received from the Tory Party was an indication of the new, tougher line of the Conservatives towards the trade union movement.

Ethiopia warned by Owen

By Ivor Owen, Parliamentary Staff

FEARS THAT a major conflict could develop between East and West in the Horn of Africa were expressed in the Commons yesterday when Dr. David Owen, the Foreign Secretary, was questioned about Somalia's request for arms supplies from Britain and the United States.

He made it clear that intense diplomatic activity was under way, aimed at securing broad-based support for action through the UN Security Council to prevent an invasion of Somalia by the Russian- and Cuban-backed Ethiopian forces.

Dr. Owen took the unusual course of telling MPs in advance about the stern warning he intended to deliver to the Ethiopian deputy Foreign Minister later in the day.

"I shall make it quite clear to him," he said, "that were Ethiopian forces, supported by forces from outside, to infringe Somalia's territory that it would be a development of the utmost seriousness which we, and our allies, would be bound to view with grave concern.

"I will leave him under no illusions about the dangers of such adventurism."

Britain, he explained, was carefully considering Somalia's request for arms—received on Monday—in consultation with her allies.

Dr. Owen described the conflict in the Horn of Africa as complex in its history and damaging in its effect.

"We have worked actively for a negotiated settlement and believe the conflict should be settled within an African context and without outside interference."

He maintained that the central issue was not the supply of arms but the need to bring the parties to the dispute to the negotiating table.

Mr. John Davies, shadow Foreign Secretary, said past experience suggested that the Western response to such threats was too tardy and too late.

He stressed that to rely too long on a solution being reached through the Organisation of African Unity could prove to be entirely illusory.

Referring to reports that the U.S. had already refused to supply arms to Somalia, Mr. Davies commented that if they were correct the Russians would be bound to feel that they had a free hand.

THE SERJEANT-AT-ARMS

A history of evolving duties

BY PHILIP RAWSTORNE

COLONEL PETER THORNE, Serjeant-at-Arms in Ordinary to Her Majesty, yesterday performed one of his more extraordinary duties with the despatch of the Commons order to Sir Charles Villiers, British Steel chairman.

His more familiar role these days is that of ceremonial custodian of Commons authority.

The Serjeant bears the gold Mace—symbol of the Commons' power—on his right shoulder in the procession that ushers the Speaker to his seat.

In the traditional uniform of black cutaway coat, lace ruffles, knee-breeches, black silk stockings and silver-buckled shoes, he sits on his raised seat at the Bar of the House during debates.

The rapier and scabbard girt at his side, a badge of his historical duty as enforcer of law and order in the protection of the rights of MPs.

For some 600 years, a Serjeant has attended the Speaker. King Richard II is believed to have appointed the first from among his own bodyguard.

Another Serjeant, now incorporated into the office of Black Rod, was assigned to the protection of the Lord Chancellor in the Lords.

Eight Royal Serjeants are still appointed for purely ceremonial duties. In Elizabethan times, the Serjeant-at-Arms was paid twelvepence a day and given a yearly livery of clothing at Christmas.

But the office was worth nearly ten times that amount in unofficial fees and gratuities for registering Members, arresting offenders and facilitating petitions and private Bills. The City of London was heavily—and usually willingly—mulcted in any of its dealings with Parliament.

By 1543, when the Commons, for the first time, brought a delinquent before it for punishment, the original duties of bodyguard were evolving into those of tipstaff and jailer.

Terry Kirk

Miss Mary Frampton, Clerk in Charge of the Serjeant-at-Arms department, arrives at the British Steel Corporation headquarters to serve an order on Sir Charles Villiers, its chairman.

Today, the Serjeant is paid a salary of £12,465 for a remarkable variety of functions on behalf of the Commons though his appointment is still made—after consultation—by the Queen in a warrant from the Lord Chamberlain to attend upon the Speaker.

The post is usually held by a retired officer of the forces. Colonel Thorne's predecessors were an admiral and a major-general. For the prime duty of the Serjeant remains the maintenance of law and order in the Commons precincts.

He is empowered to take into custody or order the withdrawal of anyone guilty of misconduct and, if ordered to do so by the Speaker, to take disciplinary action against MPs themselves.

As long ago as 1660, he was expressly empowered to break into any house to execute the Speaker's warrant, though not to wait inside in ambush for his quarry. Mayors, sheriffs, under sheriffs, bailiffs and constables have been enjoined to give him any help he should need to make arrests.

In 1810, the Serjeant-at-Arms called on a magistrate and a military detachment to take one man into custody. To-day, he relies, when necessary, on the police force stationed at Westminster, under his supervision for the security of MPs and order in the Commons.

But the Serjeant himself still escorts any offender who is called to explain his conduct at the Bar of the Commons, and could escort the unfortunate to the Tower if his breach of Parliamentary privilege were judged to deserve such a sentence.

The Commons committee's orders to the British Steel chairman yesterday were served on the Serjeant's behalf by the Clerk in Charge and Warrant Officer in his department, Miss Mary Frampton, who is the first woman to hold the post.

Since 1812 the Serjeant's duties as policeman, jailer and ceremonial attendant have been greatly extended to include those of Commons housekeeper.

He has an official residence in the Palace of Westminster and much of the work of his well staffed department is now administrative. Helped by a deputy, assistant and deputy assistant, the Serjeant is concerned with the upkeep and maintenance of the building and its staff or doorkeepers, messengers, attendants and cleaners.

Offices for MPs, reporters' places in the Press Gallery and the admission of tourists all come within his jurisdiction.

Think Tank report criticised by two former Foreign Secretaries

FINANCIAL TIMES REPORTER

LORD HOME and Lord George-Brown, both former Foreign Secretaries, yesterday poured scorn on the Government Think Tank's report on British overseas representation.

Lord George-Brown said the report would have been "better not provided" and Lord Home stood by his description of the review as "introspective and a charter for pessimism and defeatism."

They were answering questions before the Commons sub-committee examining the recommendations of the Central Policy Review Staff's report.

Lord Home said that Britain had considerable influence which it could still wield in the world and this depended, in part, on the quality of representation abroad. We ought to spare as much money as we can to get the best men in the right places," he said.

"I don't want to see the Diplomatic Service cut down further than it is now. On the whole, I should be inclined to expand it."

Lord George-Brown was asked how he would have treated the report if he were still Foreign Secretary. He replied: "I regard this as an addition to the bumf which would have been better not provided and I would have placed it in the appropriate receptacle."

He felt the CPRS had set about its inquiry with many prejudices. The report they had produced seemed to be written in letters of fire saying "little Englandism." He saw Britain's future foreign role as "an alliance power and inevitably as an alliance leader," whether in Europe or NATO.

Lord George-Brown said he would deplore any cuts in the BBC's external services, although he felt there were some areas of the democratic, developed world where the British Council's degree of effort might be hard to justify. Scandinavian countries, for example, would "find their way to Shakespeare" without Britain's help.

He believed that the report had had a very depressing effect on the morale of the foreign service, although it might do some good in stimulating its thinking. He did not think there was much to be said for an integrated home and foreign service.

Suggesting that the report placed too great an emphasis on visits to overseas posts by London based staff, Lord George-Brown said: "The visitor will spend nearly all his visit learning where to go and how to get there."

Mr. Douglas Hurd, a Conservative junior foreign affairs spokesman and former diplomat, said that the review had "far too much of a whiff of Whitehall warfare about it. Far too many axes were out." He did not believe the Think Tank was suited to carry out this kind of report. In written evidence, Mr. Hurd defended embassy entertaining and accused the CPRS of believing the world could be run on egalitarian lines.

Meanwhile, the British Council has hit back at the Think Tank's suggestion that the council should perhaps be abolished and merged with other agencies. Sir John Llewellyn, the director-general, says in the council's annual report, published to-day, that its "cultural diplomacy" over the past 30 years had built up a store of goodwill overseas that could disappear.

A reduction of the council's work in Europe would look like a lack of interest in Britain's neighbours, just at a time when improved relations were needed.

Smoking ban protest by 79-year-old peer

A 79-YEAR-OLD peer said yesterday he was prepared to go to the Tower to defy a new ban on smoking in the House of Lords.

Ex-miner and former Labour MP for Merioneth, Lord Maelor, is angry that the only "silence" room—the Truro Room in the Lords library—has been allocated to non-smokers.

He told peers yesterday: "I shall continue to smoke in that room. No one will be able to stop me because if anyone speaks, I will say it is a silence room."

Lord Peart, Leader of the House, replied: "I must ask you to respect the courtesies of the House."

Afterwards, outside the chamber, Lord Maelor declared: "I have said I am going to fight them and I am going to smoke there still. I don't know what they can do unless they put me in the Tower and, yes, I am prepared to go to the Tower."

Scottish by-election test for Labour in Spring

BY RICHARD EVANS, LOBBY EDITOR

THE DEATH yesterday of Mr. William Small, Labour MP for Glasgow Garscadden, means that the Government will have to fight a crucial by-election contest with the Scottish National Party in the spring.

The by-election will be a particularly significant one as it will show for the first time in this Parliament the electoral strength of the Nationalists and the Government's ability to withstand their advance.

Ministers accept that the next general election could well be won or lost in Scotland which is why so much emphasis is being put on the Scotland Bill now before the Commons. This gives a generous degree of devolved power in an attempt to head off the Nationalist challenge.

The SNP gained 31 per cent. of the vote at Garscadden in October 1974, and would need a swing of nearly 10 per cent. to capture the seat. Their aggressive electoral tactics mean that failure to topple Labour could be a severe blow to their morale in the critical run-up period to a General Election.

The SNP has already picked as its candidate Mr. Keith Bovey, the solicitor who ran second to Mr. Small last time.

As the Conservatives only managed 13 per cent. of the poll in 1974 there is little opportunity for tactical switching of votes in order to secure a Labour defeat.

The Liberals, who came a very poor fourth last time and have virtually no local organisation, would probably prefer not to fight the seat, but might feel obliged to do so for the sake of appearances.

With two by-elections outstanding—the other is at Ilford North—the government is in a Commons minority of seven. But even if Labour were to lose both contests, the government could still survive relatively comfortably so long as the Liberals maintain the Lib-Lab pact.

The chances of Labour holding Ilford North appear to be exceedingly slim as their majority over the Conservatives last time was a slender 778. This by-election should take place at the end of February or early March.

The one at Garscadden will probably be delayed by the government until after the budget in mid-April, which Ministers expect to boost Labour's electoral prospects. A Labour candidate has not been chosen, although Mr. Small had announced his intention of retiring at the general election.

Mr. Small, aged 68, died suddenly after being taken ill at his London hotel. He had been in Parliament since 1959 and sat for Garscadden from February 1974. He was sponsored by the Amalgamated Union of Engineering Workers.

● Lord Buckton, who has died at Settrington, Yorkshire, on the eve of his 82nd birthday, was chairman of Ways and Means and Deputy Speaker of the House of Commons in 1965-66.

His career at Westminster began in 1931 when, as Samuel Storey, he was elected Conservative MP for Sunderland and held the seat until 1945. From 1950 until 1966, when he became a life peer, he was MP for Stretford.

Clear choice for Liberals on pact

By Richard Evans, Lobby Editor

THE SPECIAL Liberal Assembly at Blackpool on Saturday will be given a clear choice between ending the Lib-Lab pact immediately and continuing it until a decision to withdraw is reached by the party leadership.

The choice is a considerable relief to Mr. David Steel, the party Leader, who can now be reasonably confident of leaving Blackpool with his agreement intact until he decides to end it, at a time of his own choosing before the next election.

Acceptance of this option would mean that Mr. Callaghan could fulfill his plan of completing the present Parliamentary session before deciding whether to hold a General Election in October or continue into next year.

The original recommendation, which left the assembly to decide when to scrap the pact, could have led to a chaotic outcome, but the assembly committee meeting in London yesterday saw the danger and opted for the simple choice.

The preamble to the resolution recognises that the pact has been in the national interest because it has strengthened the economy, maintained the attack on inflation, and changed the direction of a "doctrinaire socialist" Government.

But it goes on to deplore the action of many Labour MPs in "frustrating democratic reform and European ideals"—a reference to the failure to secure a proportional representation form of voting to the European Parliament.

The choice is then given of ending the agreement immediately or waiting until the Finance Bill is enacted in the summer, when the pact would have achieved its immediate purpose.

Then "the agreement should continue only until, in the light of this resolution, the Leader of the party in consultation with the senior officers, and with the Parliamentary party, decides to end it."

The main motion will be introduced by Mr. Richard Wainwright, MP for Colne Valley.

LEGAL NOTICES

SALE CONTINUATION LIMITED
(In voluntary liquidation)

NOTICE IS HEREBY GIVEN that the General Meeting of the Creditors of the above-named Company will be held at the Chartered Insurance Institute, 20 Aldermanbury, London, E.C.2, on Friday the 3rd day of March 1978 at 3.00 p.m. for the purpose of receiving an account of the Liquidator's acts and dealings and of the conduct of the winding-up for the year ended 27th September, 1977. A creditor entitled to attend and vote at the above mentioned meeting is entitled to appoint a proxy who need not be a creditor of the Company to attend and vote instead of him.
Dated this 16th day of January 1978.
E. R. NICHOLSON, Liquidator.

SALE CONTINUATION LIMITED
(In voluntary liquidation)

NOTICE IS HEREBY GIVEN that the General Meeting of the Members of the above-named Company will be held at the Chartered Insurance Institute, 20 Aldermanbury, London, E.C.2, on Friday the 3rd day of March 1978 at 3.00 p.m. for the purpose of receiving an account of the Liquidator's acts and dealings and of the conduct of the winding-up for the year ended 27th September, 1977. A member entitled to attend and vote at the above-mentioned meeting, is entitled to appoint a proxy, who need not be a member of the Company to attend and vote instead of him.
Dated this 16th day of January 1978.
E. R. NICHOLSON, Liquidator.

FOCUS ON DAVID STEEL'S CONSTITUENCY

Pact fits Borders' view of politics

BY RAY PERMAN

MR DAVID STEEL faces the biggest test of his leadership at the special Liberal Assembly on Saturday secure in the knowledge that his own constituency party is solidly behind him whether he wins or loses.

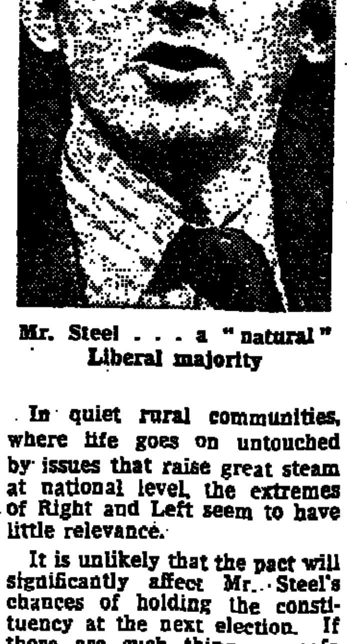
The Liberal Association in Roxburgh Selkirk and Peebles—the Borders seat that Mr Steel has held since he took it from the Tories in a 1965 by-election—would prefer the pact with the Government to continue That is how its delegates voted at the Scottish Liberal conference last week-end.

Members would also like their MP to stay as party leader. The local association was 100 per cent. behind him in the leadership contest in 1976. But if the pact is killed at Blackpool and Mr. Steel feels forced to resign, then they are ready to accept that decision.

"The people of the Borders will back David to the hilt whatever he decides to do," says Mr. Thomas Dumble, Liberal agent for the three counties. "If it comes to resigning, the constituency will accept that."

A straw poll among Liberals and Liberal voters in the market towns where most of the electorate lives supported this assertion. Certainly in Galashiels Liberal Club, the biggest of the three thriving clubs that provide and its field troops at election time, there is no hint of dissent from Mr. Steel's position over the pact. The main concern is that the Blackpool Assembly will mean the MP missing the annual Burns Supper for the first time in 13 years.

The pact — or at least Mr. Steel's presentation of it as a way of mitigating the worst excesses of Socialism—fits in well with the Borders' view of politics. Apart from those already committed to one of the two major U.K. parties, many people see it as a good thing, a way of depoliticising politics.



Mr. Steel . . . a "natural" Liberal majority

In quiet rural communities, where life goes on untouched by issues that raise great steam at national level, the extremes of Right and Left seem to have little relevance.

It is unlikely that the pact will significantly affect Mr. Steel's chances of holding the constituency at the next election. If there are such things as safe Liberal seats, then Roxburgh, Selkirk and Peebles is one.

Mr. Dumble has an estimate of what he calls the "natural" Liberal majority. It is about 4,500 votes. Both 1974 elections saw that figure considerably exceeded. In February, Mr. Steel's majority was 9,000, and in October, 7,400.

Between the two contests, the Conservatives saw their vote eroded by the Scottish National Party and the indications are that at the next election the Tory candidate will have to fight hard to retain second place.

The nearest Mr. Steel has come to losing the seat was in 1970 when, following his promotion of the abortion Act and his anti-apartheid campaigning, his majority was reduced to less than 1,000 by a local mill-owner, standing as the Conservative candidate.

It is a measure of how Mr. Steel has become accepted that he held the seat. Abortion was a sensitive enough subject, but appearing on the touch line at Hawick, where rugby is a way of life, to protest against the Springboks, was almost heresy.

At the next election—as at most since 1965—he will face a new set of opponents. He is the only familiar face and it is one of the reasons for his success and continuing popularity.

David Steel was not born a local Borders boy, but he has made himself the next best thing by moving into the area and making himself a part of its life. Even as party leader, he visits the constituency more often than many MPs whose seats are nearer Westminster.

By becoming a national name in politics, he has given the Borders something it felt it needed: recognition. At first sight, it is difficult to understand why such a delightful part of the country, so apparently prosperous and contented should crave attention.

But beneath the surface there are problems which are easily overlooked. Unemployment is kept low by continuing emigration of young people to the cities, so industrial expansion is a big concern. For much the same reason, transport and housing are also prominent issues.

As leader of a major U.K. party and participant in Government, Mr. Steel has focused attention on the Borders and can perhaps help bring its problems to the surface.

Assembly should run oil, argues SNP

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE SCOTTISH National Party last night tried to persuade the Commons to put North Sea oil and all the energy industries under the control of a proposed Assembly in Edinbugh.

As the devolution legislation entered the tenth day of its committee stage, Mr. Gordon Wilson (SNP, Dundee East), argued that the proposal could provide the "economic mainspring" which Scotland needed. The SNP moved an amendment to add control over gas, electricity, coal and the oil industry to the range of matters on which the Assembly would be able to legislate.

They pressed their attack, despite the fact that on the previous day two similar attemps to give the Assembly power over Scotland's industrial development and financial institutions had been overwhelmingly rejected by the Commons.

Mr. Wilson hoped that the assembly would set up a committee to look at energy resources and energy industries in detail. It was desirable not only to have adequate supervision of the oil industry, but also of its background in Scotland.

It was essential for decisions taken in the energy industries to be adequately monitored. This argument was, however, strongly opposed by Mr. John Smith, the Minister who is piloting the Scotland Bill through the Commons. He said that the amendment sought to extend devolution into areas which should be retained by the Westminster Parliament with undivided responsibility in order to preserve the economic unity of the U.K.

He thought that MPs knew better than to be beguiled by such talk, which he dismissed as "SNP propaganda."

He claimed that there was an amazing difference between the way the SNP presented its case in the Commons and the way it was exploited in Scotland for electoral purposes.

The SNP's plans made no economic sense, he maintained. It would to tragic to divide up energy resources, when Britain had such marvellous reserves of oil, gas and coal.

He declared: "To transfer legislative responsibility and executive responsibility for these matters to the Scottish Assembly would be a separatist step."

For the Liberals, Mr. Jo Grimond (Orkney and Shetland) said his party would oppose any interferance by the Assembly in all matters. This was not an anti-Edinburgh attitude. Liberals believed it would be disastrous to throw the whole matter back into the melting pot.

Companies Bill this session

IN A COMMONS question yesterday, Mr. Terence Higgins (C., Worthing) asked if it remained the Government's intention to introduce a Companies Bill in the present session of Parliament and whether it would include provisions covering the prohibition of auditors holding shares in companies which they audit, restrictions on auditors holding directorships in other companies, restrictions on loans to directors and penalties for making them unlawfully.

Mr. Clinton Davis, Under-Secretary for Trade, confirmed that it was intended to introduce a Bill this session. "It will be ready in March. The scope of the Bill has not been finally decided, but it will not contain new restrictions on auditors."

Fishing 'sell-out' denied

ALLEGATIONS OF a sell-out by U.K. Ministers in the Brussels fishing talks were rejected by Mr. Gregor Mackenzie, Minister of State, Scottish Office in the Commons yesterday.

Mr. Iain Sproat (C., Aberdeen S.) said that Common Market proposals to resolve the dispute were totally unacceptable. "The news from Brussels to-day leads to great fears in the industry of a sell-out on limits, quotas and conservation," he declared.

Mr. Mackenzie advised MPs to await the outcome of the negotiations. Ministers involved in the talks had listened to representations about the state of the industry, particularly on the 50-mile fishing limit, and Government policies would be pursued "with considerable vigour."

No action over picture caption

THE SPEAKER, Mr. George Thomas, yesterday recommended that no further action should be taken on an MP's suggestion that a newspaper caption might have cast a reflection on Mr. Thomas's impartiality.

Heating groups fall in with pay guidelines

BY PAULINE CLARK, LABOUR STAFF

GOVERNMENT sanctions against several heat and ventilation contracting companies have forced revision of a pay deal to some 30,000 fitters to comply with the 10 per cent. guidelines.

Action by Government purchasing departments against the heating and ventilating industry is believed to be only the second case of Government sanctions being applied to companies which have overstepped the pay policy.

The first case was last September when James Mackie and Sons, the Belfast engineering company, forfeited its export credit guarantee because it refused to withdraw a 22-23 per cent. wage rise for its 4,000 workers.

Indications

The Heating and Ventilating Contractors' Association yesterday announced a renegotiated settlement to give an increase of "marginally under" 10 per cent. on overall earnings. It said that employers had no option but to revise the deal because Government purchasers last November had "started to use discretionary powers on whether to place contracts."

It added that there had been no written evidence of this action from the Government or from the companies concerned but "the indications were clear enough."

"Otherwise, the renegotiation would not have taken place," the Association said.

The new deal replaces an earlier agreement which would have added 12.86 per cent. to the wage bill and would have given some fitters increases of up to 20 per cent.

The employers have been anxious to rectify a 22½ per cent. discrepancy between wages paid to fitters and to building craftsmen. The new deal will reduce this gap to 12½ per cent. only temporarily and the employers believe it could lead to an increasing shortage of skilled fitters "who have been leaving to become postmen and milkmen and all manner of other occupations."

They claim that the nature of the work is too complex for application of a self financing productivity deal, while long-term contracts would make any other kind of bonus scheme against the best interests of the industry.

Du Pont will recognise ASTMS

By Our Labour Staff

THE ASSOCIATION of Scientific, Technical and Managerial Staffs has achieved recognition in Du Pont, after a prolonged struggle in which the union accused the multi-national chemical company of being "the most anti-union in the world."

Recognition of the 400,000-strong white-collar union was agreed as a result of a ballot organised at the company's only U.K. manufacturing plant —Maydown, in Northern Ireland—which produced a 65 per cent. vote in favour among 132 foremen. ...

In a row last October the union claimed that for six months the company had been running a "psychological warfare exercise" among its staff to defeat the union's recognition claim.

This led to ASTMS withdrawing the suggestion of a ballot, but it was eventually agreed that the Northern Ireland Labour Relations Agency should organise a ballot following a promise of co-operation from the company.

Mr. Roger Lyons, the union's national officer for the industry, yesterday hailed the agreement as "a breakthrough" in what he described as a worldwide organising drive in Du Pont which is being organised by the International Chemical Workers Federation.

Steel unions' merger ballot called off

BY CHRISTIAN TYLER, LABOUR EDITOR

PROTRACTED merger talks between the biggest steel union, the Iron and Steel Trades Confederation, and the smaller Steel Industry Management Association, have failed.

The news is a considerable blow to the hopes of BSC and the leaders of the two unions. It comes only a week after the nationalised industries select committee report urged links between the two in the interests of better industrial relations.

Mr. Robert Muir, SIMA general secretary, has written to Mr. Bill Sirs of the ISTC, saying that a proposed ballot would not go ahead because it was unlikely to produce a "yes" vote. A vote against would amount to a rebuff for SIMA's leaders who have recommended amalgamation, he says.

SIMA's national council decided as long ago as last June to accept the merger terms but the idea had a poor reception from members.

They earn between £3,000 and £11,000 a year as BSC employees and fear loss of identity if merged with the ISTC's white-collar section.

SIMA originally wanted to join the TUC in its own right, but since 1969 has been, it says, "proscribed" by a decision of the TUC general council.

The select committee also urged links with the National Union of Blastfurnacemen, the third steel industry union. In spite of approaches by the ISTC, the blastfurnacemen are thought unlikely to come forward. They have been talking recently to the National Union of Mineworkers.

Unions to seek assurance from Varley on Leyland

BY TERRY DODSWORTH AND ALAN PIKE

SENIOR union leaders representing Leyland Cars workers will meet Mr. Eric Varley, Industry Secretary, to-day to discuss the problems facing the company.

Union officials were hoping last night that the Prime Minister would join the talks, although there has not been an official rquest from the trade union side for a meeting with Mr. Callaghan.

The decision to seek talks with the Government was taken after the unions saw Mr. Michael Edwardes, chairman of British Leyland, on Monday.

Officials will seek a clear assurance from Mr. Varley on how the Government sees the future of Leyland Cars, stressing the need to maintain employment and stick to the broad strategy developed since the Ryder Report.

They will revive calls for stronger action on Japanese car imports

Plans for British Leyland's new mid-range car, code-named the LC10, have been approved by Mr. Edwardes. The car will be built at Cowley, Oxford. It is due to appear in 1981.

Details of the LC10 project which have been given to trade union officials indicate that it will involve large-scale development of Cowley, including a new paint plant. The car will form the basis for a family of vehicles designed to replace the Allegro, Marina, Maxi and Dolomite range.

There have been suggestions that Leyland might seek to licence a car in this class, possibly from Renault, the French car maker. But Leyland and Renault both said yesterday that talks between the two companies were concentrating on a system of exchange of manufacturing licences for components under normal commercial conditions.

STRIKE THREAT TO PETROL SUPPLIES

Oil pay row may stop the wheels turning

BY NICK GARNETT, LABOUR STAFF

SHELL management and shop stewards are meeting Department of Employment officials tomorrow in the latest of a series of meetings involving all the major oil companies aimed at negotiating pay deals with their petrol tanker drivers.

Although at least one oil company believes it is on the point of reaching a satisfactory settlement, within pay guidelines and without any further threat of industrial disruption, most companies appear to believe that the chance of some form of national industrial action is more likely than not.

Contracts

At its worst, the prospect of an enormously disruptive national strike is haunting both the companies and the Government.

Since the first pay claims—ranging around the 30 to 40 per cent. mark on average weekly earnings of £80-£100—were submitted to the companies towards the end of last year the Government has been kept in close touch with developments.

The seriousness with which the Government views both any significant attempt to breach pay guidelines and the potential threat of a rapid starvation of the country's oil supplies was measured by the response of Mr. William Rodgers, Transport Secretary.

Within a short time he had met the oil companies collectively and told them not to budge outside guidelines.

In response, the companies, most of which have sizeable contracts to supply oil to Government-owned services, said they were prepared to do that and that they viewed the possibility of Government sanctions as very real.

They also said, however, that if the Government was determind to hamstring the oil companies, the chance of warding off a crippling strike might be slim.

In the middle of 1974, Mr. Michael Foot, then Employment Secretary, helped the companies to settle a large pay deal for drivers and depot workers, now widely regarded as helping to start the inflationary spiral.

The present Government conscious of the way some road hauliers motored through the guidelines with a 15 per cent. deal, appears to be standing firm against any pay-busting by the tanker drivers. Instead it has fallen back on attaching the nuts and bolts to an emergency contingency plan to come into force if the drivers stop work.

Some Government advisers seem to believe that, although a strike would cause severe dislocation to a large section of the population by hitting power, heat and transport, it would take on nothing like the doomsday proportions of a national power workers' shutdown. Most oil companies take a more pessimistic view and think most of the country would grind to a halt within a week.

NEWS ANALYSIS
TANKER DRIVERS

Shop stewards and the oil companies are well aware that tanker drivers in a number of areas are showing little stomach for a fight.

The companies are conscious that even restricted industrial action by what is a relatively small group, with only about 2,000 workers at the biggest companies, could have a disproportionate effect on supplies.

Some estimates point to a 50 per cent. drop in delivery capacity if only a ban on overtime and rest day working is introduced.

With petrol stations usually holding no more than five days' petrol supply at any time the oil companies believe that in the case of a national strike severe shortages would start occurring within three days coupled with the rapid shutdown of industry and transport.

They also see little, if no scope, for rail-hauled oil plugging the gap. For one thing, the few large industries which are geared up to take rail-moved oil now do so.

For another, the companies doubt whether any oil could be moved by rail during a national drivers' strike.

Oil still could be transported from refineries to oil depots, as it is done now, by rail, ship and pipeline. But, at the depots, the men who load rail tankers are in the same union, the Transport and General, as the tanker drivers and may be expected to also stop work.

Hardship

Perhaps a more cynical view expressed by some company officials is that the rail oil loading gear is not the most difficult of machinery to sabotage if the Government decided it could do nothing but send in troops to the depots.

In the meantime, while separate talks continue, Government advisers grapple with the problem of trying to prevent hardship among those sections of the population most susceptible to the effects of chronic fuel shortages in the event of a strike.

Some oil company managements are not too optimistic that they would have much success.

New farmworkers' leader elected in 47% poll

BY PHILIP BASSETT, LABOUR STAFF

MR. JACK BODDY, a former farm worker, was elected general secretary of the National Union of Agricultural and Allied Workers yesterday.

He replaces Mr. Reg Bottini, who is retiring for medical reasons after eight years in the job.

Mr. Boddy, aged 55, the union's district secretary for West Norfolk, received 31.4 per cent. of the vote in a ballot in which 46.6 per cent. of the membership participated.

His election came as clerical staff at the union's head office threatened to strike over a pay claim they say has been ignored.

Mr. Chris Kaufman, chairman of the agricultural workers' union branch of the Association of Professional, Executive, Clerical and Computer Staff, said yesterday that unless 40 clerical workers in the farm workers union's head office got an assurance by mid-day to-day on the opening of negotiations on their pay claim—due on January 1—the staff would walk out until at least Friday.

Winders halt pits

A second Yorkshire colliery, Ledstone Luck, was stopped by an unofficial 24-hour strike of six winders over incentive pay levels. The first was Park Hill, near Wakefield, for 48 hours. Both end at 6 a.m. to-day.

Nearly 1,000 Yorkshire miners have been made idle. Winders raise and lower cages (lifts) carrying men, coal, and machinery.

Under area incentives schemes they stand to receive only 40 per cent. of the pay of face and development workers.

Swan Hunter hope

Swan Hunter boilermakers on the Tyne will not, after all, end their job flexibility agreement to-day in the row with outfitters over pay differentials.

Shop stewards have agreed to a temporary halt until at least Monday. If talks to-morrow with executives of British Shipbuilders make progress on the Swan Hunter pay tangle, the action may be dropped altogether.

Row hits docks

London's three enclosed docks were disrupted when dockers in the National Amalgamated Stevedores and Dockers, who are in dispute over a pay offer, refused to work within the existing shift system.

Management declined to "book in" the men for work, but most dockers in the Transport and General Workers' Union, who have accepted the pay offer, worked normally.

Civil servants to press for more than 10%

By Philip Bassett, Labour Staff

MORE THAN 230,000 civil servants are to lodge a pay claim in excess of the Government's 10 per cent. guidelines at the end of the month.

Seven of the nine civil servant unions representing 500,000 non-industrial civil servants have agreed to try together for a pay deal later this month, but the executive of the Civil and Public Services Association, the largest civil service union, decided yesterday to go ahead with its pay claim irrespective of any decision by other unions.

The CPSA executive has investigated wages and settlements in industry and based its claim on the results.

The CPSA said: "The claim will certainly exceed the Government's 10 per cent. guidelines."

Busmen to vote on wage deal

PUBLIC TRANSPORT workers in West Yorkshire are to vote on whether or not to accept a pay offer within the Government's 10 per cent. limit.

About 4,000 bus workers in Leeds, Bradford, Halifax and Huddersfield are involved in the ballot, the result of which should be known at the week-end.

APPOINTMENTS

Actuaries Institute president

Mr. Peter E. Moody has been elected president of the INSTITUTE OF ACTUARIES in succession to Mr. C. Michael O'Brien, whose term of office will expire on June 26. Mr. Moody is the joint secretary and investment manager of Prudential Assurance and a director of Equity Capital for Industry and United Dominions Trust.

★

Mr. Arthur A. George has relinquished the position of joint managing director of LITTLEWOODS POOLS and has been appointed joint vice-chairman. Mr. Neil D. Foster, at present joint managing director, becomes sole managing director and Mr. Malcolm A. Davidson has been made a director.

★

Mr. Alan Reid has been appointed a director of SCRUTTONS, the main Board of the Scruttons Group. He will continue as managing director of Victoria Deep Water Terminal.

★

Mr. Peter A. N. Carne has been appointed group marketing director of LUXFER HOLDINGS, and Mr. Alan A. Malden has become director of sales, Pacific region.

★

Mr. K. G. Room has been appointed general manager and commercial director; Mr. T. Abernethy, financial director and company secretary; Mr. A. E. Cole, technical director; and Mr. P. A. Deegan, manufacturing director on the Board of THORN RADIO VALVES AND TUBES. The parent concern is Thorn Electrical Industries.

★

Mr. J. Chard has been appointed a director and production manager of Burgess Architectural Products. Mr. E. I. Webber has become a director and production administrative manager of Burgess Products Company and Mr. R. E. Clarke has been made a director and engineering manager (design and development) of that concern. BURGESS PRODUCTS COMPANY (HOLDINGS) is the parent.

★

MORGAN GUARANTY TRUST COMPANY OF NEW YORK is to make the following changes from March 13. Mr. John W. Lapsley, vice-president and assistant general manager, will be general manager London offices. Mr. Robert G. Engel, as the senior vice-president in charge of the bank's business and investments

Mr. Peter Moody

in the British Isles and Scandinavia and in the shipping field worldwide, will continue to be located in London and will devote more time to working with executives in New York. Mr. Arthur M. Rogers Jr., vice-president of Morgan Guaranty International Finance Corporation, will succeed Mr. Lapsley as head of the London offices' general banking group.

★

Mr. K. H. Merridan has been appointed to the Board of WIGHAM POLAND SCOTLAND.

★

Mr. Ian Marks and Mr. Peter Rold have been appointed to the Board of RESEARCH SURVEYS OF GREAT BRITAIN, and Mr. Len Whyte has been made an associate director.

★

The Secretary for Energy has appointed Mrs. Naomi E. S. McIntosh, the new chairman of the National Gas Consumers' Council, as a member of the ENERGY COMMISSION. She succeeds the former chairman of the NGCC, Barones Macleod of Borve.

★

Mr. N. C. Beel is to become managing director of ROBEY OF LINCOLN from February 1 in place of Mr. P. C. H. Lightfoot, who remains on the Board. Mr. M. G. Marsh, previously production director, will be engineering director. Mr. Lightfoot is financial director of the Newell Dunford Engineering Group, of which Robey is a member.

★

Mr. Arthur McCarten has joined FOOD BROKERS as marketing director and a member of the Board of Food Brokers Marketing and Consultancy. For the last four years he has been with Unicliffe.

★

Mr. Clive Nottingham has been appointed managing director of CONTROL TECHNOLOGY.

★

Mr. N. G. Prowse has been appointed a director of ROBERT FLEMING INVESTMENT MANAGEMENT.

★

Mr. C. L. Towers and Mr. J. D. Arpel have been appointed assistant directors of FRIZZELL INTERNATIONAL.

★

Mr. Bryan Quilter, managing director of Granada TV Rentals, has been elected to succeed Mr. David Hurley as chairman of the Council of the NATIONAL TELEVISION RENTAL ASSOCIATION. Mr. Hurley remains a member of the Council. Mr. Ronald Weedon, managing director of British Relay, replaces Mr. Quilter as deputy chairman of the Council.

★

Mr. Peter Phillips has joined the London office of CROCKER BANK as vice-president in charge of merchant banking in Europe, the Middle East and Africa. He was previously an assistant director of Morgan Grenfell International in London and in Germany.

★

Mr. H. D. Kettle has been appointed a director of WILMOT BREEDEN GROUP SERVICES. He was formerly a director of Wilmot Breeden Limited and will continue to be responsible for group personnel. Mr. B. V. Moore has become group financial controller in place of Mr. J. E. Parkinson, who is now financial director of Wilmot Breeden Electronics.

★

Mr. S. Birch, previously associate research manager (films), is now plastics division research manager at IMPERIAL CHEMICAL INDUSTRIES. He succeeds Mr. A. E. Boyes, who retires on March 31. Mr. J. F. H. Park has become marketing manager (vinyls), plastics division, and has been replaced as marketing manager (sheet) by Mr. P. C. Feleey, previously packaging films sales control and market research manager.

BOOKS

Time of insight

BY C. P. SNOW

Eyes, Etc by Eleanor Clark. Collins £4.50, 174 pages

Eleanor Clark has written distinguished books, notably *Rome and a Villa*. She is cultivated and highly educated, and it is easy to imagine her transposed to the 19th century and in the company of her countryman, Henry James. She is married to Robert Penn Warren. Altogether, by birth, talent, character, she has had much enviable fortune in her life. Recently, in her fifties, she has had a stroke of fortune which no one could envy. She has been struck by glaucoma, which means not total blindness, but near enough. The condition is getting worse. She has lived very much by the eye. She has been a writer and even more a reader. She will not be able to read again.

Her new book is an account of how she is living through this fatality. Much of it is stark. As anyone who knows her work would expect, she is taking it with hard stoicism. She has no use for, and will not accept, false comfort. Many people have had greater miseries than you, she hears an assembly of Job's friends saying. What conceivable help is that? In an extreme condition, and this is one, you live within it, and the thought of starving and dying millions doesn't enter.

The condition is with her all the minutes of her days, and she won't pretend otherwise. Not only is her sight going but so often is her spirit. Eye complaints, even those less irreversible than this, are not to be separated from depression. All the more so, when there is something to be depressed about.

She reflects about what she has enjoyed, and people she has known. Before this distress, she didn't like a good deal of what was happening to her world, the contemporary western world, her privileged slice of it, soft, indulged, looking for an alternative life-style (on which she is savagely funny). Now she regards all that as a joke in the worst possible taste. There are affectionate passages about skiing, which used to be one of her delights. There are less affectionate passages about some of the money-crazed vulgarians who clutter up the slopes.

She writes about people she has admired and loved—not many, in the whole waste of her acquaintanceship, but when she gives love, she gives it totally, particularly to the decent and honourable, who have done their best, for example as teachers in small colleges, and never made it. For people too gentle for this bitter cut-throat existence she has the softest of hearts and one guesses that she has given help when she can.

She finds, not comfort but a kind of consolation, in being read to. It passes the time. It does more than that, since, though listening-pace is five or six times slower than reading-pace, she has a good ear, and actually enjoys a sensitive human voice. Her choice of material for listening to may strike most of us as rather odd. For weeks, or perhaps months, it was the *Iliad* and the *Odyssey*. Those who have been through similar trouble usually prefer something less heroic.

She has shown great resources of personality, and has needed them. It is disagreeable to have to say that, as a whole, the book isn't as effective as one would like it to be. Perhaps for two reasons. One is that the condition itself is monotonous: she hasn't a story to tell of a disease progressing and changing from day to day. Multiple sclerosis is one of the most dreadful of extreme conditions, but it did give Barbellion a dramatic narrative. Eleanor Clark's glaucoma doesn't vary much, apparently, though she tells us at the end of the book that her sight is dimmer than at the beginning.

Otherwise, neither she nor anyone else could have much to say. Sight is failing, and won't get better. Drifting into growing hopelessness. Never able to read again. Defiant rage against one's luck. Refusal to soften it. That is about all there is, and like some of the grimmer human sorrows it is not communicable. It continues. One knows it only when one has to go on suffering.

The second reason for the book not being entirely successful is the curious idiom in which Eleanor Clark writes it. Once upon a time, cultivated persons like herself might be crude in manners and speech. But they then put on their best Augustan dress when they sat down to write. Now they tend to do the exact reverse. They are completely civilised, articulate, and well-mannered when they speak. When they write, they put on a new kind of fancy dress, as much unlike Augustan as they can think up.

They seem to have their own idea—which incidentally they get quite wrong—of the language of the knockabout proletarian young. On paper, the cultivated suddenly become at the same time facetious and pseudo-rough. Too often for truth. Eleanor Clark does precisely that. It is maddening, for when she is, so to speak, off-duty, as in the description of her existence as a 20-year-old in New York, one sees how well and strongly she can write. If only she would discard a verbal usage which would be impossible for anyone to speak, and is impossible in which to think.

● This porphyry sculpture of two Tetrarchs, from the Vatican Library, is characteristic of the apparent rejection by 3rd century artists of the classical canons of Late Antique art. It illustrates one of the phases of the evolution from Classical to Medieval art, between the 3rd and 7th century A.D., which is the subject of Ernst Kitzinger's **Byzantine Art in the Making** (Faber, 223 black-and-white illustrations, 8 colour plates, 175 page, £15.00).

While the book—based on a series of lectures which Professor Kitzinger gave in Cambridge in 1974 when he was Slade Professor of Fine Art—is a must for scholars, it will also fascinate all those who care to understand the roots of their own European culture. It should for example be read together with Peter Brown's brilliant The World of Late Antiquity (Thames and Hudson, 1971) by those who have visited, or plan to visit, the two truly major exhibitions "The Wealth of the Roman World," at the British Museum last year, and "The Age of Spirituality," now in New York at the Metropolitan Museum of Art.

Many of the objects discussed in Ernst Kitzinger's book are among the masterpieces that were and are on show. Both the exhibitions and this book will demonstrate that the "Dark Ages" were a period not of decline but of creative experiment wherein is to be found the genesis of Byzantine and—although Dr. Kitzinger does not refer to them—of Islamic and Romanesque art.

DALU JONES

Teddy boys and girls

BY GEORGE MALCOLM THOMSON

The Edwardian Woman by Duncan Crow. Allen and Unwin, £5.95. 231 pages

Pursuit of Pleasure: High Society in the 1900s by K. Middlemas. Gordon and Cremonesi, £12.50. 191 pages

As if it had happened yesterday, I can remember my meeting with King Edward VII. "Meeting" is perhaps not quite the word, for we were never formally introduced. At best, we were on bowing terms, like Voltaire and the Almighty. I bowed and he waved a baton.

He was in the full-dress uniform of a field-marshal. He was riding a horse. By any standard, he was an impressive spectacle, although one could see why he was nick-named "Tum-tum." But at that time I was disloyal enough to reserve my military admiration for the Kaiser, who wore a helmet with an eagle on top. Sensational!

For me, that day in 1908 outside Holyroodhouse was a turning-point. Up until then I had been a Victorian. Henceforward I was to be an Edwardian and am, therefore, qualified to write about social life in King Edward's reign which is the main subject of these two absorbing books. One of them, *The Edwardian Woman*, is a little more "serious" and statistical than the other which, however, casts its net more widely than its title suggests. *The Pursuit of Pleasure* was, no doubt, the main occupation of a small upper crust, although one might more accurately describe it as "The Flight from Boredom." On the other hand it was not their only activity.

On the day I saw him, the apex of the social pyramid did not seem to be particularly successful either in the quest or the flight. The drains in his temporary residence, Holyroodhouse, were bad. The smells from the nearby brewery were pungent. And the occasion—a review of the Scottish volunteers—was neither glamorous nor smart. It was one of the monarch's duty days; a reminder that the brief Edwardian age was not simply a procession of over-heavy meals and over-corseted women, of baccarat, the ritual slaughter of grouse, of champagne and liver complaints. It was a rather strenuous time; above all, a time of change.

The first bricks of the Welfare State were being laid. The Fabians were burrowing away. The telephone, the typewriter and the motor car were coming in. The King loved to exceed the speed limit. The Queen (reluctantly and belatedly allowed to have a car of her own) loved to instruct her chauffeur with vigorous prods of her umbrella. But, in spite of such hazards, the roads were still not too dangerous for the multitude of bicycles.

Change, both technical and social. And liberation! — here due credit should be given to the King. He was autocratic, self-indulgent, intellectually lazy, "preferring men to books and women to either;" yet he did more than most men to break the too-rigid mould of society. He was rewarded with the disapproval of the Unco Guid; he was liked by the crowd but was not, as Gladstone put it, "respected." He had taken one appalled glance at the London slums (when he was with difficulty restrained from giving away all the sovereigns in his pocket) and had, from that day, left social reform to others. Adoring the company of pretty and amusing women, he had no sympathy with those whom the Daily Mail named "suffragettes." Yet in the roll of the women pioneers are the names of three of the King's closest friends:

(1) Rosa Lewis, a cook of genius who started life as a London slavey at the foot of the social ladder. When Queen Alexandra proposed to give tea to the worst-off women in the land, she was advised to entertain ten thousand "slaveys." Each got a brooch, "A present from the Queen."

(2) Sister Agnes Keyser, born rich and determined, a woman of fiery energy who founded a famous hospital. She was one of the privileged few who had a key to Buckingham Palace Gardens.

(3) Lady Warwick, Socialist.

To mention these three women is to be reminded that Women's Lib. was not merely a political phenomenon headed by Mrs. Pankhurst. Consider the list of remarkable Edwardian women who are featured in Duncan Crow's study:

Dr. Elsie Inglis, Beatrice Webb, Countess von Armin ("Elizabeth"), Marie Stopes, Marie Lloyd, Belle Bilton, a beautiful Gaiety girl who became Countess of Clan.

Not a bad list for an age when women had still to shout to make their voices heard above the male hubbub. For, of course, men had it better—more interesting lives, more glamorous achievements. Leaving politics aside, there were engineers like Sir John Aird who began life laying drains in Berlin and lived to restore Wilton with taste and take Alma-Tadema to Egypt to paint a picture of Moses in the bulrushes. And there was Weetman Pearson, the world's foremost contractor who, when taken to Covent Garden by his wife spent the time working out his business problems for the next day. Both are mentioned in *Pursuit of Pleasure*.

Wheatley's way

Officer and Temporary Gentleman: Memoirs of Dennis Wheatley. Vol. 2. Hutchinson, £5.95 254 pages

I should really be kinder to Mr. Wheatley's second volume of memoirs than I was to the first. Mainly because the narrative improves — sometimes paints pictures—as the storm of World War One breaks over him and his generation, and because the self-praise and obsession-with-class that so disfigured volume one have been considerably toned down. The trouble, however, is by no means past: "I am a monstrous clever fellow," he says. But I don't believe he means it seriously.

This time, we have Dennis the subaltern (father fixed it), Dennis the lover, and Dennis the man who "all his life has lived off the fat of the land." bought 4,000 books, and then recommends *Mr. Perrin and Mr. Traill* (Mills and Boon, 1911).

We are now two-fifths through Mr. Wheatley's chronicle of embarrassing self-disclosure. For all his 80-odd years, his "self-censor" was just not working when he wrote it. Why else include such ill-advised things as that nude drawing of himself?

And why tell the world how, in that "particularly severe" winter of 1917, "my gloves were fur-lined, my holsters held big flasks of wine and brandy; I never travelled with less than 200 cigarettes, as well as chocolates and biscuits. The men must have suffered severely. But there was nothing I could do. . ."

Well, he could have shared his biscuits. Nor should he have compared himself in public to Churchill.

JOHN DUNSTAN

Fiction

End games

BY ISABEL QUIGLY

In Between the Sheets by Ian McEwan. Cape. £3.50, 144 pages

King Kill by Thomas Gavin. Cape, £4.95, 398 pages

Fault Lines by Kate Wilhelm. Hutchinson, £4.50, 195 pages

Ian McEwan is an extraordinary young writer whose *First Love, Last Rites* was an obvious winner of the Somerset Maugham award for '76. *In Between the Sheets* is again short stories; seven of them, in all kinds of settings, all but one (an interior monologue of sorts called "To and fro," aptly titled because tidal and restless) realistic and, in form, straightforward. Nasty and brutish they sound, and at times seem when dipped into, certainly macabre and startling; but the mastery of language shown in them gives them power, even beauty: the beauty of control, exactness, lucidity. The style recalls some dangerous activity: skilful driving too fast round corners, say, engine singing, perfect pitch, hubcaps almost but never quite scraping the kerb.

"Pornography" is about a man who makes love to two nurses, and their joint ugly revenge upon him. "Two fragments: March 199-" is set in a time of decrepitude and filth, with London silted up, violent, apathetic, without fresh food or communications, post or transport. "Dead as they come" has a rich man who finds a girl to adore, loads her with his riches, kills her when he believes she is having an affair with his chauffeur.

"Psychopolis" is about a few people in Los Angeles meeting and talking, whose lives briefly overlap; and the title story is about a divorced or separated husband whose daughter comes to stay, bringing a schoolfriend (that's all? Well, it could be; or not. As in a Bunuel film, the simplest image may hide the weirdest subtruth; or, equally, may not).

As with the stories in the earlier book, it isn't the outline of the action that says what they're really about. Form and content are so intricately linked you can't divide them. This is a writer whose plainest combination of words is, like the draughtsman's proverbial dot, unmistakably telling.

Chess is perhaps the best microcosmic image anyone has yet thought up, a man-made world of immutable rules yet infinitely variable action, the computer mind conceived before computers were physically achievable, the miniature enormity, infinity in the pocket (etc., etc. . .), and chess as a world on its own—not just an obsession, an intellectual passsion and a way of life but in itself a form of life, a way of peopling the world with its own myths, characters and actions — gives the chess-novel a satisfactory enclosure in which to function. *King Kill* is an American first novel of promise and interest, well-stocked, myth-engendering, overlong but with plenty of arresting moments, with images and feelings to make you look and feel again.

It deals with fraud in the context of chess — an automaton supposed to play chess against all challengers, which in fact is moved by a player hidden inside it. In 1825 its inventor, Johan Nepomuk Maelzel, hires a man who is potentially the world's greatest player to sit inside it and work the switches, fool the customers, defeat all comers. William Schlumberger is a hunchback from Alsace whose centre is a Parisian cafe where chess is played in a looking-glass land of mirrored walls that reflect to infinity each infinitely complex move.

Love lures him to America and a two-by-four-foot box in squalid fairgrounds where, with love turned sour and his own level of chess abandoned, he rots out a dozen years till he gets his own back. The writing is so dense it's sometimes hard to follow exactly what's what, especially where dream and reality, symbol and object, overlap; but in spite of what seems too modern a dialogue the rythmic writing suits the patterns of disaster, grief and anger, the violent yet ritualised movements of its suffering, chess-centred hero.

Ian McEwan: stories of dislocation

Fault Lines is another American novel, intelligent, racy, covering a lot of ground. Emily, its heroine, is like the drowning man who sees a lifetime in flashback, as she waits "like a salami in a sandwich," after an earthquake has stuck her between piles of masonry in an isolated Californian cottage. She sees life, her father's, grandfather's, not neatly or consecutively but in scraps that finally make sense. The fault-lines of the earth there revive memories of other such fault-lines in her life, from her birth in another earthquake, the great 1906 one in San Francisco; a life of energetic liberal causes, friendships, unorthodoxies that seem mild but shock her square relations, older or younger. Again, that doesn't tell much about the book's quality, which is likeable and warm without being too cosy, and manages a throwaway air without being glib.

Crimes in short

BY WILLIAM WEAVER

The Man with the President's Mind by Ted Allbeury. Peter Davies. £3.95, 218 pages

What will the devilish KGB think up next? Now (that is to say, in the very near future of this book, perhaps the 1980's), they have decided to create a mock-USA-President, a man who is the same age, has the same personality, as the man in the White House, only this one, the Russian, is sealed off at a top secret base and asked, on the basis of his own knowledge and instincts, to predict what the real President will do next. An ingenious story, very neatly worked out. Two cavils: on page 42 an Irish girl refers to a singer, John McCormick (sic) and, a page later, she refers to a composer as "a man named Chaminade.' Libbers, arise!

A Morbid Taste for Bones by Ellis Peters. Macmillan. £3.50. 192 pages.

Ellis Peters—now apparently it can be told—is, in reality, the novelist and translator Edith Pargeter. By whatever name she writes, she is always thoroughly professional. Her latest book is subtitled "a medieval whodunit," and it is set in the Benedictine Monastery of Shrewsbury. Its proto-detective is the delightful Brother Cadfael, expert in herbs and simples and in human nature. A band of brethren goes off to remote Wales to collect the bones of a saint (the monastery is short of relics). A local opponent to the removal is himself removed, by the foulest of play. Cadfael straightens it all out, mends some broken hearts, and returns to Shrewsbury. The medieval atmosphere is knowingly, lightly done, and there are hardly any anachronisms (except some talk of "entry" and "exit" wounds which has a distinctly post-Dallas 1963 ring).

Scared to Death by Anne Morice. Macmillan. £3.25, 192 pages

Miss Morice's actress-sleuth Tessa is staying with her cousin Toby, the playwright, while rehearsing his new play for a provincial festival. Naturally there is a crime in the area, a particularly puzzling one: a tiresome rich lady is frightened to death by repeated apparitions of her *Doppelganger*. As usual, the author is good at delineating with economy the marginal characters—notably two elderly ladies who like race-meetings—and the social context.

Cornish clashes

BY ROBIN LANE FOX

Revolt of the Peasantry 1549 by Julian Cornwall. Routledge, £6.50. 253 pages

Appeals to the "traditional British way of doing things" are not uncommon. Those who assume that this way is smoothed by compromise and a sound refusal to become too cross should read this brisk and interesting book. Julian Cornwall is subject leader of history at Colchester Institute of Higher Education. He tells his double story clearly and forcefully, avoiding moral blame and the inconsequential use of modish terms. His subject is neither new nor major. But he handles it with enjoyable vigour and has a pleasant way of slipping in some of the wider background, technical, social or administrative, so that it helps his story along without destroying its thread.

In 1549, men in Cornwall and parts of Devonshire rose in arms for a set of demands which, when published, were centred on religion. They objected to Cranmer's English Prayer Book. They ignored the new service "because it is but like a Christmas game." Observers, naturally, alleged that there was more to it, especially if they were observing from a social position which had much to lose. One rebel demand was indeed that gentlemen should be limited to one servant each in waiting. How intolerable! Mr. Cornwall relates it, convincingly, to the rebels' fear of the opposing armies, levied in part from the lords' tenants, those convenient enforcers of social order.

Otherwise, social protest cannot be claimed to have been central. Rumours that the cry to "kill all gentlemen" was heard in Bodmin's streets should probably be discounted. When the men of the West Country said that they were protesting for religious issues, they meant it. They objected to the Reformation, to the banning of prayers for souls in purgatory and to possible delays in the baptism of their babies. These were not small matters. Notably, though priests were later hanged as instigators, the story is here told with stress on the role of the plain worshippers who also hurried their clergy into action. I find this convincing.

Tudor Cornwall's Celtic isolation was the subject of the least academically unpopular of A. L. Rowse's popular books. Against its background, Mr. Cornwall observes that Rowse set the total of casualties in 1549 too low, having misread the number in the manuscript. For his part, he sets out to play up the rebellion's greater scale and menace, perhaps correctly. There are vivid scenes, well-told, at the long siege of Exeter. The Cornish rebels are argued to have been better armed than others have thought, because arms in Cornwall were not controlled by a single thriving class of gentry.

It is not, however, clear that contemporaries described them as anything other than a rabble. So, too, their rout is attributed in part to the despatch of skilled foreign mercenaries by Protector Somerset and his advisers. This may be right, though it is inferred, not stated in the sources. To prove it, the mercenaries must then march right across England to East Anglia, for the second of Mr. Cornwall's risings, an event at which they did indeed assist. Besides Cornwall, Yorkshire and Oxfordshire had felt brief tremors. But Norfolk, above all, claimed attention, not least among historians who hitherto have looked east, rather than west, for their central drama in 1549.

The East Anglian rising led by Kett, a none too impoverished tanner, has been familiar since the detailed account by S. T. Bindoff. Hence it is used here as a contrast rather than as a full narrative theme. In Norfolk, the rebels were Protestants. If Cranmer, no doubt, detested their vulgar tactics, they did not claim to detest Cranmer's new prayer-book. Rather, they objected to enclosure and the menace, sensed too in the west, of mass grazing by gentlemen's sheep. Sheep-flocks had intruded lethally onto the old world of five (or less) acres and a cow. The men of Norfolk wanted their old world back. Like the Cornishmen, they failed to retrieve it.

They, too, were soon made to seem out of date. The price of wool began to fall in the 1550s and their nostalgic world slowly lost its urgency as sheep-profits lessened. In Cornwall, likewise, the rising ended in the "white terror," only obscurely traceable in autumn 1549. When the Cornish next rose in 1685, they were to be Protestants to a man. They had all but lost the Cornish language which, for their great grandfathers, had made an English prayer book seem preposterous. Each rebellion, Mr. Cornwall aptly points out, was aimed at restoring a traditional style of life, felt to be endangered by change. Unlike the 16th century German peasant, the men of East and West Anglia were not rallying to a "revolutionary" cause. They lost their violent protest for the past, and, by losing, allowed change to come about. It is here, not in compromise or gentlemen's deals, that the traditional "British way" has tended so far to make itself most clear in history.

Conjugal rights

BY PETER KEATING

The Dark Angel: Aspects of Victorian Sexuality by Fraser Harrison. Sheldon Press. £6.50. 288 pages

The opening sentence of Fraser Harrison's *The Dark Angel* reads: "To study Victorian sexuality is, in effect, to trace the evolution of Victorian marriage." That may well be true, but unfortunately, and in spite of the increasing number of books published on the subject, we know very little about the Victorian marriage, or at least about that part of it with which Mr. Harrison is concerned. Perhaps it is our lack of reliable evidence that makes the subject so tempting. It provides an opportunity for mid-twentieth century openness about sex to confront Victorian reticence, and it forces the historian constantly to conjecture and generalise: there is really little else he can do.

Two generalisations from *The Dark Angel* can be taken as typical of Mr. Harrison's approach. Of the middle-class he writes: "Not only were the majority of middle-class women ignorant of the fate that awaited them in their bridal bed, but they were also ignorant of the meaning of what had been taking place within their own body since the onset of puberty." And of the working class: "Marriage was not common among working people who on the whole obtained their wives and husbands simply by taking up residence with them."

If the words "majority" and "on the whole" mean there what they usually mean, then the second statement is plainly nonsense, and the first probably, though less certainly, an exaggeration: it is actually contradicted by some statistical evidence given a few pages later. In a survey of 1,000 women conducted in 1853 a professional gynaecologist found that 25 per cent. of the women had been totally unprepared for their first period, 13 per cent. of that 25 per cent. had been very frightened by the experience, and 6 per cent. believed thay had been physically injured. The ignorance revealed is certainly horrifying, but it doesn't seem to characterise "the majority."

Mr. Harrison is more convincing on the patriarchal nature of Victorian society and the materialistic basis of upper-middle-class marriage. A wife was, in John Stuart Mill's words, "the actual bond-servant of her husband." Until late in the century, she could not leave his house if he decided to keep her there; she could be imprisoned for refusing him his "conjugal rights," and even their children belonged legally to him, not to her or them. The images of the pure woman and radiant mother so valued by the mid-Victorians were often weapons in an undeclared battle between the sexes. In *The Dark Angel* the various ways in which this battle was opened up—by feminists, birth-controllers, and legal reformers—are examined, together with the attempts by men to fight a kind of rear-guard action by calling in scientific and medical evidence to prove conclusively that women were inferior to themselves.

Cranks and charlatans are disposed of by Mr. Harrison with sympathetic firmness, and the ambivalent, contradictory, and often hypocritical, public attitudes towards women are well analysed, but *The Dark Angel* is still, finally, a disappointing book, raising many questions but falling down on the answers because of its flimsy evidence. Can it really be true that sex in the Victorian period was as grim and unpleasurable as Mr. Harrison makes it out to be? Were the working classes and the poor (frequently confused here) so downtrodden and worn out by work, and the middle classes so obsessed with money and ignorant of their bodies, that they couldn't enjoy sex? The truth is, we don't know but it sounds unlikely.

By far the most successful sections of *The Dark Angel* are those in which Mr. Harrison offers specific case studies, brief well-sketched vignettes that stand among the generalisations. There is George du Maurier's long and impatient courtship: Lord Leighton's statuesque and ambiguous nudes: and Wilson Steer's curious personal and artistic relationship with a young girl model. That's probably the way it should be done. Forget about the sweeping unsubstantiated assertions and concentrate on human beings.

U.K. ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output, engineering orders, retail sales volume (1970=100); retail sales value (1971=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unem-ployed	Vacs.
1976 4th qtr.	103.2	104.8	106	108.5	211.9	na	na
1977 1st qtr.	103.5	105.6	111	105.0	217.1	1,330	na
2nd qtr.	102.2	103.1	104	103.9	221.5	1,330	163
3rd qtr.	102.4	103.1	108	106.8	235.7	1,418	151
July	102.8	104.3	102	107.0	232.8	1,394	153
Aug.	102.7	103.5	117	107.2	237.6	1,414	154
Sept.	102.7	103.7	104	106.2	236.6	1,446	145
Oct.	101.4	102.4		105.4	234.4	1,433	153
Nov.	102.1	103.0		106.1	237.2	1,433	156
Dec.						1,428	163

OUTPUT—By market sector: consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1970=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1976 4th qtr.	115.3	99.0	104.4	100.4	85.2	103.6	20.8
1977 1st qtr.	115.9	100.9	106.2	101.5	84.2	105.1	19.9
2nd qtr.	112.5	99.7	104.9	100.1	80.8	99.2	22.4
3rd qtr.	114.8	99.4	104.8	100.2	83.7	102.8	24.4
July	115	100	105	101	87	104	24.4
Aug.	114	100	105	100	79	101	20.4
Sept.	114	99	105	100	85	103	28.1
Oct.	114	99	101	100	77	102	24.6
Nov.							21.1

EXTERNAL TRADE—Indices of export and import volume (1970=100); visible balance; current balance; oil balance; terms of trade (1970=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1976 4th qtr.	141.5	138.2	−982	−366	−1,002	79.1	4.13
1977 1st qtr.	141.9	142.4	−930	−516	−816	80.4	9.62
2nd qtr.	149.9	144.4	−698	−280	−725	80.1	10.5
3rd qtr.	153.7	141.9	− 50	+399	−587	81.5	14.9
July	153.5	149.1	−241	− 92	−199	79.6	13.4
Aug.	152.0	131.7	+140	+290	−183	82.0	14.9
Sept.	155.7	144.8	+ 51	+201	−205	83.0	17.17
Oct.	150.0	140.4	+ 46	+191	−231	83.9	20.21
Nov.	142.9	133.2	+ 73	+218	−153	85.3	20.39
Dec.	151.2	146.2	− 80	+ 65	−281	85.3	20.56

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m.); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m.	BS inflow	HP lending	MLR %
1976 4th qtr.	3.9	8.8	14.4	1,417	152	327	14¼
1977 1st qtr.	− 3.6	−10.2	5.3	−1,882	492	339	[illegible]
2nd qtr.	16.8	15.3	0.8	809	1,290	352	8
3rd qtr.	34.4	14.8	20.2	−236	1,084	394	7
July	19.5	12.0	26.2	−293	320	363	8
Aug.	22.0	9.4	24.0	− 69	302	417	7
Sept.	34.4	14.8	20.2	126	462	402	6
Oct.	35.8	17.5	0.0	299	590	386	5
Nov.	41.5	19.8	2.1	289	554	420	7
Dec.							7

INFLATION—Indices of earnings (Jan. 1976=100), basic materials and fuels, wholesale prices of manufactured products (1970=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (Dec 1971=100).

	Earn-ings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1976 4th qtr.	109.9	329.9	233.9	165.8	172.7	250.8	59.6
1977 1st qtr.	112.5	341.5	248.0	174.1	184.7	275.4	61.8
2nd qtr.	114.5	347.8	259.0	181.9	191.1	250.0	61.6
3rd qtr.	116.1	341.1	267.7	184.7	192.1	239.9	61.8
July	116.2	344.6	265.8	183.8	192.0	243.2	61.9
Aug.	115.7	339.5	268.0	184.7	191.9	239.9	62.0
Sept.	116.5	339.1	269.2	185.7	192.5	241.5	62.4
Oct.	117.9	333.8	271.0	186.5	192.3	236.36	62.5
Nov.	120.1	330.2	271.8	187.4	192.9	238.24	63.6
Dec.		328.9	273.3			234.70	[illegible]

* Not seasonally adjusted.

BUSINESS AND INVESTMENT OPPORTUNITIES

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● SOFTWARE

Product for U.S. markets

RECENT MOVES by Insac, the NEB-backed organisation intended to boost U.K. software sales abroad, to appoint as consultant to the company Sam Fedida, inventor of the PO Viewdata system, have set a number of software houses wondering.

The appointment has been made to help Insac develop its strategies and plans for entering the worldwide information systems market. The inference is that Insac has bigger fish to fry than the interests of most software companies now operating in the U.K.

It is no secret that John Pearce, Insac's managing director has long taken the view that for success Insac would have to break into the U.S. market in a substantial way, for this is where the profits lie. Once a product is established in the U.S., not only will its sales elsewhere be relatively easier, but also because of time lags in normal computing development between the U.S. and elsewhere, its life outside the U.S. would be longer. This seems to be a general policy approach that the NEB has accepted.

However, a policy depends for its implementation and success on having the people in place and the products to offer. But Insac is nowhere up to strength. On top of that, the people it seeks are most difficult to find and would have to be relocated in the U.S.

So far as software products are concerned the Insac problem is, in the short term, perhaps more serious.

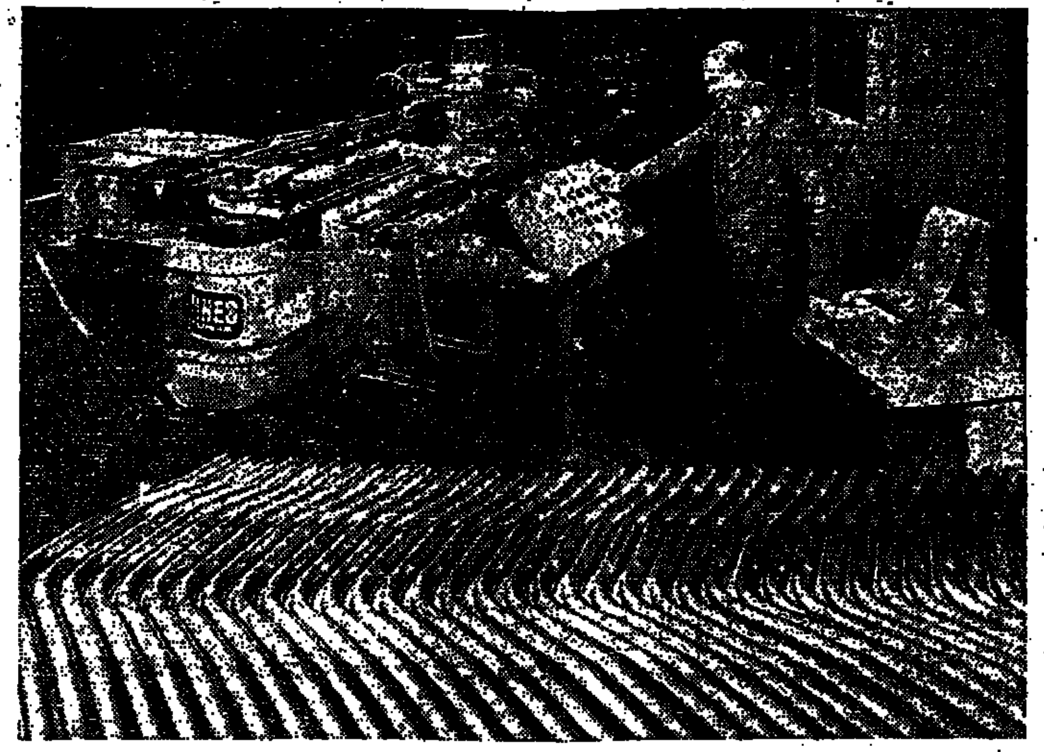
The British software industry has, so far, really made little impact on the U.S. market, even with the long-existing massive U.S./British software writing cost differentials, which have operated in the U.K.'s favour for many years. A few companies (MSP, Arbat) have done well with what large corporations would consider minimal marketing bases, but in the main British software and systems skill sales to the U.S. remain minimal, have little influence, and the traffic is still largely the other way.

Industry sources indicate that Insac seems to have come to the initial conclusion that much of the available product that already exists here will need to be further developed, enhanced, and properly packaged for the U.S. market. It follows that Insac may well have to make substantial use of its funding provisions to enable members to create products suitable for export.

So far as Viewdata is concerned it seems that the PO sale of Viewdata software to the West German Bundespost was so handled that three years after the contract signing date, the Bundespost will be able to market the system and without having to pay the PO a royalty. As the contract was signed a year ago, there are now only two clear years ahead without competition. This is unlikely to be the sort of bargain that commercial marketing men would make.

The question is, however, what is Insac's interest in Viewdata. In inventing Viewdata, Mr. Fedida made practicable a whole class of systems based on combining telecommunications and the phone, the TV receiver, and the computer.

It seems likely that Mr. Fedida is being brought into Insac to translate Viewdata into American terms, and that some Insac initiative in this area is to be expected. On the basis of the skills available to Insac members, one would expect them to mount an attack on the U.S. market aimed at what has been called the "closed user group"—systems aimed at companies and sectors of society in which much higher prices can be paid for the information used.



This £60,000 high-speed computer-controlled tube bending machine has been installed by TI Tube products at its Oldbury, West Midlands plant. The machine can achieve about 1,000 bends an hour and can manipulate tube with outside diameters ranging from 1¼ to 2¼ inches and lengths up to 12 feet. Car exhaust pipes formed on the machine can be seen in the foreground.

● ENERGY

Tiger project aimed at saving £100m.

WORK ON heat exchanger systems running on fluids have have much lower boiling points than water, in progress under the aegis of Dr. Ian Smith, Mechanical Engineering Department, City University for the past seven years, dovetails neatly into the project for low grade heat recovery first reported on Technical Page on January 11.

The project—TIGER, (for turbine induction generator recovery) is aimed at recovering a large proportion of the energy wasted in the form of low-grade heat by industry.

This has been estimated at some 20 per cent. of the energy absorbed by industry, itself representing some 40 per cent. of the nation's primary energy consumption and while the ultimate saving possible must of necessity be a guesstimate, a figure of some £100m. at the least in terms of energy saving each year has been suggested.

Dr. Smith's work, financed by Shell International Marine, will be completed by about the end of this year, providing design data for specialist heat exchangers and thus cost estimates of very great value in determining the economic viability of the TIGER system.

To try out various arrays of exchangers and pumps, the development team is using a "vertical laboratory" housed in an unused lift shaft which, providentially gives the team the right kind of working space.

The shaft also houses computer consoles used to control the experiments and capture the resulting data.

The outcome of the work will be a design of heat exchanger and a cost optimisation study of the best fluid for the job. It will be one that will be much more efficient than steam for low-power outputs and low working temperatures along the lines first suggested by Sir Humphrey Davy in 1823. So far in Britain, this concept has not been put to the proof, though research workers outside this country, spurred on by the high cost of energy, have turned their attention to turbine systems running on such fluids.

Also essential in the City University data will be the operating conditions of the equipment and the overall cost of the prime mover. Part of this data will be determined by results of a market study being carried out at Brunel which will look at how heat is being wasted and by whom so as to draw up parameters for a plant most likely to be in demand.

Brunel will also provide vital design details of the electronic control equipment required. Oxford is studying the modified turbine system and Bradford University will build the high speed generator with the assistance of industry.

● MACHINE TOOLS

Grips at high speed

IMPROVEMENTS IN the design and materials for lathe cutting tools has enabled higher spindle speeds and powers to be applied but the higher speeds have resulted in chuck problems as the increase in centrifugal force tends to make the jaws lose their grip.

Pratt Burnerd International has designed a chuck which, it is claimed, uses the centrifugal force generated at high rpm to achieve constant gripping characteristics. The maker says the gripping power predetermined by the user is maintained at near constant value over the whole speed range of any given size of chuck. Now the only factor limiting the maximum operating speed is the strength of the component parts of the chuck.

First of the new chucks has a diameter of 270mm. and a maximum speed of 5,000 rpm—other sizes are being developed.

More from the maker at Park Works, Lister Lane, Halifax (0422 66371).

● TELEVISION

Low light camera

ONE OF the most sensitive low-light television cameras available, the Nightguard, is able to accept immense variations in scene illumination, ranging from the equivalent of quarter moonlight up to brilliant sunlight without any manual adjustment.

Incorporating an advanced silicon intensified tube and with a choice of automatically controlled iris lenses having very high light gathering properties, this camera produces a high resolution picture signal of full video amplitude with scene highlight brightness of only 0.05 Lux, and produces a usable picture signal with brightness as low as 0.02 Lux. This represents a sensitivity about 200 times greater than that of a standard vidicon camera with an f1.4 lens.

The Nightguard, however, employs electronic sensitivity control—obtained by varying the S.I.T. intensifier supply—coupled with the auto iris lens control to give a total automatic light control range of 600m. to 1. Moreover, unlike many low-light cameras, the Nightguard responds to the normal visible light spectrum even at very low light levels, producing a displayed picture which is free from the confusing effects of over-accentuated infra-red response.

This last is particularly important in surveillance applications, and Nightguard can cover outdoor and indoor locations in all lighting conditions encountered throughout 24-hour operation. It is available with a range of fixed focal length lenses or with motorised zoom lenses and a range of ancillary equipment, including weatherproof housings and remote controlled pan and tilt heads.

Cotron Electronics, Rockland Works, Eagle Street, Coventry CV1 4GJ. 0203 21247.

● LIGHTING

Faster and brighter

FLUORESCENT TUBE lighting units from Osram-GEC will be equipped with electronic ballasts on the 65 and 125 watt sizes soon, with ballasts for other sizes becoming available by the end of the year.

Final stages of development of the electronic devices are now being completed, and comprise a choke coupled with a solid state circuit, all in one outer case. The combined unit gives the reliability and starting characteristics of a switchless start ballast, with losses lower than those normally associated with a switch start circuit.

Prices are said to be comparable with the switchless starter. For most of the year the whole of the output will be going into the company's own luminaire production, but it is expected that eventually the ballasts will be generally available on the market.

The 65W version uses semiconductors in a patented circuit which enables a pre-heat current to flow through the lamp cathodes, combined with controlled pulses across the lamp to obtain ignition. The circuit has been optimised for both functions together, which results in less end blackening of the tube when compared with existing glow switch operation.

The 125W version achieves the same results, but allows for the presence of the series capacitor.

Both starting circuits switch off when the lamp is alight and play no part in normal running. Overall size and weight of the ballasts are reduced compared with existing chokes.

Because of the improvement in efficiency, substantial savings in running costs for fluorescent lights can be achieved, amounting to 14 per cent. for the 65W and 19 per cent. for the 125W. On an installation using 1,000 white 65W tubes, this means that £700/year can be saved for the same light output, while for a similar installation using 125W lamps the saving rises to £1,800.

Some of the saving comes from the reduction in the overall wattage per luminaire, and the rest from the reduction in the number of lamps required, achieved by the increase in lumen output. A further advantage is a reduction in starting time to about 0.9 second. It is believed that there is no comparable competitive product available anywhere.

Details from Osram-GEC, PO Box 17, East Lane, Wembley, Middx., HA9 7PG (01-904 4321).

● By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.

The Marketing Scene

EDITED BY MICHAEL THOMPSON-NOEL

[T]he gloss and the structure

BY ANTONY THORNCROFT

[Cad]bury is currently investing over £100,000 on the produc[tion] of two new commercials for [its] Milk Tray brand. It is quite [pre]pared to pay a great deal for [this con]fection because Milk Tray's [con]tinuing success is very [im]portant to the company. By [the] time it has bought TV and [cin]ema time its commitment in [pro]motional expenditure could [wel]l top £1m.

The fascinating fact is the [con]necting link between the [glo]ssy films that will eventually [ap]pear on television and the [str]ucture inside Cadbury which [pu]shes the button on such an [inv]estment. Too much market[ing] attention is paid to the [gla]morous side of things in [age]ncies; too little to the in[ter]nal structure inside advertis[ing] companies, who, after all, [pic]k up the bills. A report on [thi]s very subject "How the big [con]sumer goods advertisers [org]anise their promotional spend[ing]" prepared by Taylor Nelson [for] Marketing magazine, supplies [so]me of the answers.

The survey is introduced by [Ro]bin Tuck. A feature is the [goo]d response rate — 200 tele[ph]one responses from the 318 [lea]ding advertisers that were [can]vassed. The companies that [too]k part collectively spend [£..]0m. on advertising and [alt]hough, not surprisingly, there [we]re no answers from the ultra[-se]cretive soap and detergent com[pa]nies, the general response was [wi]de and comprehensive.

The first nuggets of informa[tio]n refer to titles, which [na]turally vary. Almost two-[thi]rds of the sample have a [ma]rketing director, with con[str]uction, not yet so bitten by [th]e marketing bug, lagging [be]hind with just 40 per cent. [us]ing the title. On the other [ha]nd 63 per cent. of construction [co]mpanies have a market re[se]arch manager as against 56 per [ce]nt. of food, drink and tobacco [m]anufacturers. Just over half the sample possesses a public relations manager.

Although such titles can tell potential suppliers a lot about a company, they are largely irrelevant to the crucial question of who actually decides on the size and placing of the advertising and promotion budget. The findings suggest that in 43 per cent. of cases it is the responsibility of the marketing director; the managing director makes the decision in 22 per cent. of companies; the Board in 16 per cent.; the marketing services manager in 10 per cent. and the sales director in 5 per cent.

The important point is the exceptions: in chemicals it is more likely to be the marketing services manager who decides; in textile companies the managing director. But when it comes to responsibility for deciding where the advertising goes after the budget has been fixed the marketing director takes the decision in 37 per cent. of cases, as against the marketing services manager in 26 per cent. Rarely is the Board or the managing director consulted. In promotions there is more delegation down—with the promotions manager having the say in 11 per cent. of the companies.

The research runs into some difficulties when it plots how the promotional budget is divided between media. The respondents suggested that 30 per cent. of their cash went on television and only 16 per cent. into newspapers and magazines. Posters was given a very high 15 per cent. and commercial radio 7 per cent. These figures are reversed when the companies are questioned about media they have used: then newspapers score 40 per cent. as against 27 per cent. for television and 25 per cent. for magazines. Below the line spending occurs in 27 per cent. of the correspondents, and public relations a remarkably low 10 per cent.

Ninety-two per cent. of the 200 companies use an advertising agency, while 3 per cent. rely on internal expertise and 4 per cent. employ both. Of companies spending less than £250,000, a quarter use staff only. Of companies using agencies, 46 per cent. have one, 22 per cent. two, 13 per cent three, and 15 per cent. four or more. In choosing an agency 35 per cent. judge on the basis of creative ability: 25 per cent. depend on the brief, and 23 per cent. respond to an appreciation of the needs of the business. In fixing the advertising budget, half the companies say it is a Board decision, 18 per cent. leave it to a special committee, 16 per cent. say it is volume profit based, and a further 16 per cent. say it is dependent on the financial allocation for the year.

The last five years have seen very large increases in media advertising (74 per cent.), and below the line promotion (68 per cent.). Almost a half of the top 200 also say public relations activity has increased over that period. Biggest increases in promotional activity have occurred in those firms with large promotional budgets. For example, 89 per cent. of those firms spending over £5m. say that they have increased media advertising. Decreases in activity are not so common, the most frequently reported being exhibitions (21 per cent.). Other categories that have decreased are media advertising (15 per cent.), public relations (13 per cent.), and mail shots (12 per cent.).

There would seem to be a lack of professionalism among the top two hundred companies with regard to measuring the effectiveness of advertising and sales promotion, particularly the latter. 77 per cent. of the companies use sales results and 55 per cent. sales representatives' reports to assess their advertising. Most popular research methods are recall studies (70 per cent.) and attitude studies (69 per cent.). Pre-testing is rarely used (2 per cent.).

Holidays are a worry

BY WINSTON FLETCHER

ALL INDUSTRIES are cyclical but some are thumpingly more cyclical than others. This simple scientific law was verified irrefutably this week when four leading travel pundits revealed the current boom in the industry at an IPA Society seminar.

Having waxed wildly in the early 1970s, the travel industry waned from 1973 until its nadir last year—and now seems almost inexplicably to be surging back into explosive growth. Neither the gentle strengthening of the pound nor the fabled upturn in the economy seem sufficient explanation of the bonanza. Sidney Silver, Cosmos's managing director, even proferred to the seminar the unlikely hypothesis that it is the euphoria created by the Queen's Jubilee that has encouraged us all to start packing our holiday bags again.

Silver claimed that his company's bookings last week were the best in its history: Ron Miller, sales director of London Weekend, claimed that radical package-tour newcomer Tjaereborg had already garnered 30,000 replies from its campaign, a huge figure by recent standards: and all present at the seminar were convinced that 1978's main problem for the travel companies would be lack of capacity rather than lack of customers. The total market will probably not expand, Silver predicted: but that is because there won't be sufficient aircraft seats available to meet the demand.

Who'd be a forecaster in the travel trade? Sidney Silver recalled a massive econometric forecasting job carried out by one operator in the mid-1960s, when he judged his business to be over-concentrated in Spain. The ink was hardly dry on the logarithimic graph paper when the Cyprus war broke out, sterling was devalued, and Mediterranean holiday marketing was thrown into turmoil (neither for first time nor last).

Likewise, Silver gloomily prophesied, the present boom may quickly turn into an ephemeral boomlet, with bookings falling away in the late summer if inflation starts to nudge itself up a little and the value of sterling correspondingly nudges down: presaging a poor summer of 1979.

Silver also disclosed the surprising statistic that last year 25 per cent. of Cosmos' bookings had been made within six weeks of the holiday departure date—astonishingly late for package tour holidays. On current trends this year's late bookers are likely to be disappointed; but even that will be cold comfort to the holiday companies, as research shows that customers who are forced to try a new kind of holiday one year are exceedingly likely to repeat their new choice again the next.

The repetitive habits of Britain's holiday makers were highlighted in the speech given by Tony Wright, marketing director of Butlins, and generally corroborated by the other cognoscenti present. Fifty per cent. of Butlins' guests each year have holidayed there in the previous four years; and one of the Redcoat company's key marketing activities is its meticulously planned and brilliantly executed annual computerised mailing, which goes out each November to 750,000 recent Butlinites. Incidentally, Butlins is sophisticatedly developing its computer's ability to separate customers into distinct groups with differing needs. Families with kids, for example, are automatically mailed quite different literature from those without.

The outcome of all this hard-working promotional activity, Tony Wright claimed, is that the research shows an amazingly high 25 per cent. of the British populace has now vacationed in Butlins at one time or other and a further 25 per cent. has a close relative or friend who has done so. Some 1.25m. people stay at a Butlins camp each year: and Butlins is now probably the largest company in the holiday business in the world—certainly the largest in Europe.

Butlins' Achilles heel, Wright explained, is a direct corrolary of its two outstanding strengths: the fame of its name and the clarity of its image. Everybody knows what a Butlins holiday means—the same remorselessly jolly, chummy fortnight that it has always meant since Billy launched the enterprise in Skegness in 1936. (The U.K. part of the market, which accounts for only 55 per cent. of the sterling total, is apparently less volatile than the foreign bit.) Unfortunately it transpires that to many of to-day's modern holiday makers, particularly the AB's, the Butlin way is anathema.

For such ungregarious individuals Butlins has devised its new Freshfields camps, most of which are tucked away down in the South-West. Smaller, with less organised entertainment and more self-catering and self-help, the Freshfields camps are capturing for Butlins a sector of the market that has previously eluded it. Which is why the famous Butlins name is nowhere to be seen on the Freshfields' promotional material, and is perhaps also why, both for me and for many others at the seminar, Butlins secretive involvement with Freshfields was news.

Why is the holiday market, particularly the overseas travel sector, so volatile? The simplistic answers are economic and political: oscillating exchange rates, local riots and the like. Peter Cooper, chairman of Cooper Research and Marketing, probed deeper. Searching for Freudian ulterior motives with the aid of a devious kind of doodle called psychodrawings, he demonstrated that people's attitudes to their holidays are far more complex and ambivalent than most of us would suspect.

Far from being just simple, welcome and relaxing annual breaks, Cooper's Psychodrawings uncovered the many kinds of worry, anxiety and neurosis that holidays—and particularly the prospect of future holidays—provoke. Most of these worries were predictable and we've all suffered them ourselves: anxieties about the food, about illness, about foreigners and so on. Cooper associated them with workaholism, with the puritan ethic, with the acquired feeling of guilt prompted in us by idleness and self-indulgence. Holidays, he stressed, are not the simple idyllic dream that travel advertisers portray. "The ideal holiday can never be achieved and people know it."

All of which was a welcome antidote to Ron Miller's plea for more glamour, more romance and more fantasy in holiday operators' TV commercials. Most holiday commercials, he opined, are dead dull and boring. He can hardly have been referring to Cosmos commercials, since Sidney Silver claimed that his company has been trading successfully for the last four years without the benefit of any national advertising at all. Cosmos relied completely on its brochures distributed via travel agents; and it's worked.

The future role of travel agents is perhaps the most controversial and contentious issue in holiday marketing at this moment. Over 90 per cent. of all U.K. holidays, Miller stated, are booked via agents. Yet Tjaereborg's marketing strategy is to cut the price of holidays through by-passing the agencies: direct from manufacturer-to-customer in the old-fashioned discount merchandisers' time honoured phrase.

Whether this strategy will succeed over the long haul must be in question. Agents make only 10 per cent. commission and provide real and valuable services to customers in return for their take. Tony Wright pointed out that a decade ago Butlins sold virtually nil via agents, but now nearly 50 per cent. of its bookings come that way: and he spotlit the happy irony that at exactly the same time as Tjaereborg have been banging the drum about disregarding agents, Ladbrokes, after selling direct for some years, has admitted to seeing the error of its ways and have now succumbed to the agencies' trading charms.

The travel and holiday marketing crystal ball looks, then, as cloudy and uncertain as ever.

Winston Fletcher is managing director of Fletcher Shelton Delaney.

Mysterious drinks

BY KENNETH GOODING

IT MAY not be one of the great mysteries of our time but you might be interested to learn that the Dutch import considerably more port wine than they actually drink, according to that country's Government statistics.

There are no re-exports of port, so what has been happening to the drink? Could it be that it is used in the preparation of some odd Dutch cordial, of which there are many? Or does it simply get lost in the pipeline and somewhere in Holland stands a warehouse crammed full of Tawny and Ruby.

The answer is much more mundane as the researchers at Acumen Marketing discovered when they attempted to solve the mystery. It is simply that the Government statistics are wrong. And as sales of port in Holland are relatively small—around 3.6m. bottles a year compared with, say, 36m. bottles of sherry—the Government is not particularly concerned that they should be more accurate.

"There are few countries where Government statistics provide an adequate guide to how much drink of various types is actually consumed. The U.K. is the nearest to the ideal for even there it is impossible to distinguish between anis, aperitifs, different liqueurs and certain types of fortified wines," says Christina Speight, who is responsible for Acumen's "International Wine and Spirit Record," the third edition of which has just appeared.

There are many pitfalls to be avoided when attempting to compare international statistics on wines and spirits when you cull them from various sources. The most common include the inaccurate conversions of U.S. gallons to hectolitres, of U.S. proof to U.K. proof gallons to pure alcohol and the assumption that Canadian and U.S. gallons are the same.

To get a fair picture of domestic consumption for the 18 different types of drinks product in the 21 countries covered by the report, Acumen collects together all the available government figures, trade association figures and trade Press reports and then commissions market reports from its local associates. These are subjected to analysis and inconsistencies—like more port going into Holland than is actually consumed—discussed with both the affiliated company and various sectors of the trade.

Mrs. Speight remarks: "In the final analysis there will be countries where the absolute purity of the final report cannot be assumed but we feel confident that for most countries our reports will be accurate and will in any event represent the consensus of best-informed opinion. Where hard data is at all suspect we have to fall back on trade opinion."

The cost of the full report is $6,600 a year.

Clients also receive a monthly newsletter which includes not only the essential information but also those items of exotica which continually brighten the wine and spirit trade.

Try this, from the latest newsletter, for example. A new product called "Akadama Punch," similar to Sangria, has been launched by Suntory, the big Japanese whisky group. It is wine blended with orange and grapefruit juices. It is 6 per cent. alcohol and with 11 per cent. sweetening (that is 3 to 4 per cent. less than most demi-sec wines). It retails at Y250 for half a litre (that is, 57p, DM2.32, $1.04 or Frs.5.00). One suspects this is not to be one of the great drinks successes of the 20th century. But it is useful to know the threat is lurking there in the background.

Radio gets it right

BY PAMELA JUDGE

NEARLY HALF the adults in the U.K. listen to commercial radio fairly regularly and a reasonable national campaign can be run for around £20,000. With these and other factors in mind Mintel decided to conduct its own consumer research into attitudes towards the commercial fare and the results are in the latest Market Intelligence Report.

Adults are roughly equally divided—44 per cent. listen once a week or more while 45 per cent. never tune in. But 51 per cent. of men have an ear to the trannie once a month or more as do 45 per cent. of women. The figure rises to 70 per cent. in the 15-19 age group, 64 per cent. among the 20-24 year olds and 60 per cent. in the band up to 34 years of age.

Most people seem to like a high proportion of music programmes since 80 per cent. disagreed with the statement "There is too much music on commercial radio for my liking" when they were asked to comment. On the other hand 56 per cent. agreed that "The BBC has the best radio programmes."

Opinion was evenly divided on the statement that "Advertising breaks spoil one's enjoyment of the programmes": 48 per cent. agreed and 47 per cent. disagreed. Regular commercial radio listeners might well be expected to agree that the programmes "are much more lively than those on the BBC" and indeed 53 per cent. did (as did 55 per cent. of the women).

Saying that such research should not be taken as the last word on the subject, Mintel feels that "on balance it does suggest that commercial radio is doing most things right as far as its listeners are concerned and that includes both programmes and advertising.

LOMBARD

The right kind of framework

BY COLIN JONES

IT IS amusing to reflect, as the row over British Steel unfolds, that the decision to set up a specialist Commons committee on the nationalised industries some 21 years ago was strongly opposed by the present Prime Minister on behalf of the Labour opposition on the grounds, Mr. Callaghan said then, that such a committee "would blur the chain of responsibility from the Boards to Ministers." This was after an earlier attempt to form a select committee had proved abortive; its terms of refence had been so narrowly drawn—they prohibited it, inter alia, from examining anything that was a Ministerial responsibility — that the committee soon concluded there was nothing it could usefully do.

Despite these doubts and despite a continuing lack of resources, the select committee has since acquired a considerable reputation for a common sense approach and lack of partisanship, especially on the way Ministerial relations with these industries should be conducted, a matter on which the committee has been arguing a pretty consistent line down the years. Indeed, had its advice been adopted, the chances are that BSC would have been in a far better condition to weather the present recession.

At the risk of over-simplifying, this advice could be said to have consisted of two basic propositions. First, Ministers should set clear and consistent objectives and, having appointed a management team, let them get on with it. Secondly, should they subsequently feel compelled for some political reason to intervene, such as over a question of prices, the location or closure of a new plant, or the timing of a major order, they should do so specifically and openly and, so far as it is reasonable and practicable to do so, quantify the cost of requiring a departure from commercial criteria and pay appropriate compensation.

More realistic

These guidelines would have the advantage of making clearer the respective responsibilities of Boards and Ministers and making it somewhat easier to assess the Boards' performance. They would also regularise and subject Ministerial interventions to a proper disciplinary framework. If the amounts paid as compensation were charged to the appropriate departmental vote (and cash limit), rather than subsumed in the Boards' financial targets or a capital reconstruction as has sometimes happened, then the costs would be clearer both to Parliament and the public generally, and this could well have the desirable result of making Ministers more circumspect.

This approach strikes me as being more politically realistic than the two-tier Board idea which has been advanced by the National Economic Development Office. NEDO was as critical as the Select Committee of the present confusion and inconsistency of objectives but it is hard to believe that any real difference would be made by a top-tier Board of senior executives, civil servants, trade unionists, and users charged with thrashing out strategic policy. Another tier of discussion and decision-making would hardly deter Ministers from intervening when it suited them to do so; and it is naive to imagine, as NEDO seemed to do, that Ministers would voluntarily accept the need to exercise restraint.

Not only has nationalisation vastly widened the scope for an ambitious Minister who wants to establish a reputation but the activities of these industries are too important in the economy and too sensitive politically for the temptation to be always resisted. In any case, there can sometimes be perfectly proper reasons why it may be desirable or even necessary to intervene.

Inconsistency

This is because of an inherent inconsistency in a wholly commercial approach. The Boards have been told to act commercially but they are not structured commercially. They cannot go bust or be taken over and they are not allowed to compete in the U.K. market for new capital.

It is true competitive pressures are greater than they were. But the centralisation of an entire industry's investment decisions has magnified the consequences of a wrong choice—disastrously so for the makers of electricity plant, telephone equipment (and perhaps now steel works plant?)—as well as positively inviting the wrong kind of Ministerial intervention. In a truly commercial situation these monopolies would be broken up under anti-trust legislation, and the logic of this course may eventually come to be accepted.

In the meantime we need a framework of control which provides for a proper measure of Ministerial oversight while discouraging the wrong kind of intervention. This is as urgent as tackling the financial crisis in British Steel—which, as the Select Committee could have pointed out, has been gravely aggravated if not largely created by the lack of such a framework in the past.

BUSINESS AND THE COURTS

Equality, syrup, whisky and the EEC

By A. H. HERMANN, Legal Correspondent

THE SABENA air-hostess, Ms. Gabrielle Defrenne, who caused such a stir three years ago, is about to reappear in the European Court. On the first occasion she persuaded the Court to do the gallant thing and declare that *equal pay* is the law of the EEC and as such enforceable in national courts. The judges, aware that the Court is the only EEC institution to decide by simple majority, and therefore the only one capable of moving visibly forward, brushed aside the words of Article 119 of the Treaty which speak of equal pay as of a principle to which national legislation should gradually conform. They insisted that "equal pay" had been EEC law since 1962 in the Six and in the three new member states since January 1, 1973. However shrinking from the full financial consequences of an unqualified decision, the judges have allowed no retrospective claims unless these were being pursued by litigation which had already started. Ms. Defrenne came into this category and stood to gain £160.

It is doubtful whether she has seen any of that money yet. Her litigation against Sabena is still before Belgian courts and has now produced a second reference to Luxembourg. This time the Belgian court is asking for a preliminary ruling concerning Ms. Defrenne's retirement when reaching the age limit of 40. She argues that it is illegal under EEC law to have different retirement ages for men and women. The age limit of 40 applies only to air stewardesses and not to stewards and in consequence female employees, doing the same work, not only stop earning earlier but also only qualify for lower pensions than men.

"In view of the double aims of the EEC Treaty, which are economic and social," asks the Belgian Court of Cassation, (in a reference registered in the European Court under N.149/77) "should not the principle of equal pay be interpreted as referring not only to the equality of pay but also to the equality of conditions of work" and particularly to retirement age? The answer of the Luxembourg judges will affect many, including all those British women who have to retire at 60 while men can go on to do the same work till 65.

ISO-GLUCOSE, a syrup containing a high proportion of fructose (the type of sugar present in fresh fruit) is produced from maize and soft wheat and is mainly used in soft drinks. It is said to be both a better and a cheaper substitute for sugar in the soft-drinks industry and several enterprises in the EEC have been expanding its production.

This displeased the Sugar Directorate of the EEC Commission which defends the interests of sugar refineries and sugar beet farmers. The Commission could do little about the desirable fruity quality of this product but it adopted changes in its system of subsidies which have made iso-glucose more expensive than sugar. As a result the enterprises making iso-glucose face a bleak future. They were not warned that the financial regime under which they started to operate profitably would come to an end so suddenly.

If the new EEC measures are upheld they will lose quite substantially on their investments. They therefore turned to their respective national courts asking them to declare the new measures of the EEC Commission null and void. These courts, in their turn, referred the problem to the European Court.

The first two of several references now under way come from the U.K. and from the Netherlands. The U.K. reference was made by Mr. Justice Donaldson in the Commercial Court (Queen's Bench Division of the High Court) in an action brought by Tunnel Refineries against Britain's Intervention Board for Agricultural Produce. Tunnel Refineries, one of the unhappy producers of iso-glucose, are asking for a declaration that EEC Council Regulation No. 1111/77—which has led to a deterioration in their financial position—is illegal. Their case is in the first place that it does not square with the principle that burdens imposed by an authority must not be excessive in relation to the aims pursued by the Commission.

The financial burden imposed on the iso-glucose producers in the interest of sugar producers is claimed to be quite disproportionate. The EEC measures adopted to this end are claimed to be an abuse of power and contrary to the aims of the Common Agricultural Policy as defined in Article 39 of the Treaty. Moreover, the Commission is said to have got its figures wrong.

The second reference comes from a Dutch Court. It attaches a wider range of EEC regulations and concerns an action brought by two Dutch producers of iso-glucose, Scholten-Honig, and De Bijendorf, both in Amsterdam, against the Dutch opposite number of the British Intervention Board for Agricultural Produce. A similar action has also been initiated in Germany.

The European Court not long ago decided against the Commission in the case of skimmed milk powder when pig farmers (British and German) revolted against the Commission's rule requiring them to feed EEC skimmed milk powder to pigs. The pigs did not like the milk powder because it had a different smell, and the farmers disliked it because it was more expensive than other protein fodder. The main argument against the Commission's case was that one section of the agricultural community, the pig farmers, were begin asked to subsidise another section, the dairy farmers—an argument which did not differ much from the one which the present iso-glucose compaints are based.

* * *

JOHNIE WALKER marches on, this time towards Luxembourg. Like a blinded (or at least blind-folded) giant, Distillers seem to be hitting out left and right in the hope that if they keep at it, some of the blows will hit the target. So far, however, they seem to be winning the case for the EEC Commission even before they get to Luxembourg. The Commission has, of course, attracted adverse publicity by choosing the pre-Christmas period for its announcement on whisky. It is also not quite credible when posing as the protector of consumers — at least its concern for whisky prices seems odd when compared with its unconcern for prices of soft drinks revealed by the iso-glucose cases above. But Distillers seem to overlook that for once the Commission stands on exceptionally firm ground: the Common Market means among other things also a common market for whiskies.

Punters need not risk indigestion

RACING

BY DARE WIGAN

TO-DAY'S FIXTURE at Lingfield, a course that seems to suffer more than most from the weather, has been abandoned owing to frost, so Newton Abbot has the field to itself.

Those whose principal interest lies in betting need not risk indigestion by bolting their lunch to be present for Division I of the Chelston Novices Hurdle (1.15), in which Mackelly will start at long odds-on. And anyone who invests money on the Babbacombe Selling Handicap Chase (1.45) will deserve a medal of some description.

The most valuable race of the afternoon is the Ellacombe Handicap Chase (2.15), the finish to which is likely to concern Jimmy Miff, Bold Charlie, and Tessie's Boy. The one I like best is Tessie's Boy, who makes the journey from Droitwich in the West Midlands. In fact he travelled down to Devon and Exeter just over a fortnight ago, and was a convincing winner from Alec Lewis, who has won since.

Another who has travelled a fair way for to-day's meeting is Lone Eagle, who reverts to hurdling following several unsuccessful sorties over fences. There is no doubt that Fred Winter's gelding has ability, but he is not particularly resolute, and I prefer the chance of Ferry Point, a determined customer, trained by L. Kennard at Taunton.

Rio, from J. Cobden's small stable at Martock, in Somerset, is a regular visitor to Newton Abbot, having twice won over hurdles here, and been runner-up in his last two races, both over fences. He has Charbonnier to beat, but his previous experience of the bigger obstacles will, I hope, see him through successfully, in the Cockington Novices Chase (3.15). Flying Gamble is narrowly preferred to Silversmith in division two of the Chelston Novices Hurdle (3.45).

NEWTON ABBOT
1.15—Mackelly
2.15—Tessie's Boy**
2.45—Ferry Point*
3.15—Rio***
3.45—Flying Gamble

Wild West is golden

SALEROOM

BY ANTONY THORNCROFT

SOTHEBY'S SOLD Old Master paintings for £90,535 yesterday. Top price was £3,000, way above forecast, for *The triumphal entry of an Eastern Emperor*, by G. B. Pittoni. A kitchen interior, by Jan de Meyer, sold for £2,600.

In the afternoon topographical paintings realised £97,720, with many lots well above forecast. An American collector bidding by telephone paid £8,500, plus the 10 per cent. buyer's premium, for *Venice at Dawn*, by Thomas Moran, which had been estimated at half this sum.

A number of Wild West scenes, by Edward Borein, brought three to four times the prices forecast. *Indian chiefs carrying ceremonial standards* sold for £7,500; a cattle drive, £6,800; *Mexican riders in a village square*, £5,200; and *Mexican cowboys driving cattle*, £5,000.

Oak brought good prices at a Christie's South Kensington furniture sale which totalled £40,665. A 17th-century-style cupboard sold for £800 and a tiny 17th-century table £500.

Pakistan spinners have England on the run

CRICKET

BY HENRY CALTHORPE

KARACHI, Jan. 18

THE MOMENTOUS decisions of Tuesday were uppermost in everyone's minds when the third Test match began this morning here at the national stadium. All involved with the running and the playing of Test cricket were tremendously relieved at the decision taken late last night by the Pakistan Board of Control, not to choose Pakistan's Packer players.

The atmosphere of suspicion which has fogged all issues in Karachi these past few days has mostly blown away. After Boycott had won the toss for England, the Pakistan spinners had a good day and at the close England were 152 for five and, as at Hyderabad, have a struggle ahead of them to save the match.

It was hardly surprising that the England side did not have one of their best days. In the past week cricket has been about the last thing they have had the time or the inclination to concentrate upon.

Nonetheless, Abdul Qadir and Iqbal Qasim both bowled beautifully. This time Qasim took the decisive wickets when he dismissed Boycott and Randall in the tenth and eleventh overs. They are a wonderfully complementary pair of bowlers, who will probably always bowl better in partnership.

Much of the England batting was as dismal as at Hyderabad and they were saved from complete ignominy only by the determination of Roope, once he had overcome another terrible start, and the admirable resolution of Taylor. They have put on 45 for the sixth wicket, and so far Roope has batted for just over three hours and Taylor for just under two.

At least England should now pass 200, but they must have been thinking more in terms of a score of 400 when they won the toss.

It is fascinating to watch Qadir and Qasim. Their control is phenomenal. Qadir's—he is a leg spinner who really spins the ball. Through all their long spells scarcely a loose ball was sent down. True, the batsmen were almost totally unprepared to use their feet and that therefore the spinners never once found themselves under pressure. They were allowed to bowl as they wished.

The Pakistan Board had every right to be delighted that having decided to stick by the players who had been loyal to Pakistan cricket and not to play Mushtaq, Imran or Zaheer, that their young players should once again have served them so handsomely.

Eight of this Pakistan side are 25 or under, and they have had the best of the first two Test matches and look like having the best of this one. No wonder most of them were pretty upset when it was suggested that the Packer trio would play in this match!

The very real chance of England refusing to take part would have set a dangerous precedent. They have nonetheless made their point clear and they will read of Greig's angry reaction in Sydney with considerable amusement. The feelings of these players must not be underestimated in the future, and I cannot help feeling that the dramas of yesterday will ultimately prove a great benefit.

Problems of once-a-year skiers

WINTER SPORTS

BY ARTHUR SANDLES

USUALLY it happens within a few minutes. After the first burst downhill the ski instructor looks at me sneeringly and says: "I see you learned skiing in Austria . . . or France, or Switzerland or America." It is quite the most depressing remark I know because in fact my ski style, or lack of it, has been acquired over the years as the result of chasing ski instructors of varying nationalities down various mountains. There have been attempts to get a uniform system of ski tuition around the world, but such perfection has yet to be achieved. In Austria they still have you unweighting with such elaborate excess as to bring tears to the eyes of the French, and in the U.S. they will at times wince at the very thought of a snowplough. No one yet appears to have tumbled to the realisation that the best ski instructor is the one who takes you from where you are, who forgets the sneers and particularly one who forgets any attempt at unlearning previously acquired technique.

You never really lose the need for ski lessons. Most British skiers get two weeks a year on the slopes if they are lucky and most of us end those weeks doing a reasonable imitation of parallel skiing only to slip back to a more casual style by the following year. A couple of days of ski tuition is well worth the expense at the start of a holiday and at least gives you the impression that you are making some progress.

The trouble with once-a-year skiing is that each year you are likely to meet different conditions. Given two weeks of hard packed ice the Briton eventually masters the technique of deep edging and keeping turns under tight control throughout. Then next year he is faced with new powder snow and all that muscle wrenching power turning does for him is land him face first into a nearby drift. Deep snow turns are harder to initiate and require only gentle persuasion to complete, while ice turns initiate themselves and are the very devil to hold. Most British skiers don't punish ice enough (given the smallest chance your skis will rush off downhill leaving you on your backside behind them) but seem determined to bruise the powder.

Unfortunately the theory of skiing and the practice are two totally different things. The only thing that gets you used to all conditions is practice, and tuition.

Over the next few weeks there should be some splendid opportunities of seeing how it is done by the best in the world, provided British television gives more than its usual meagre coverage to the sport. The end of January normally brings a feast of ski racing as the World Cup events reach their busiest schedule. This year there is the added pleasure of the World Championship events, being held at the end of the month in Garmisch in southern Germany.

In many ways it is a pity that the ski world is still being dominated by the same people. Ingemar Stenmark looks unbeatable as a slalom skier and Franz Klammer continues to dominate the downhill. Things are a little more open in the women's events but still the names of Lise-Marie Morerod and Annemarie Moser keep coming to the top of the list.

The World Championships are held every four years, although the Olympics in effect make it a biennial event. British interest this time has been somewhat spoiled by the squabbling that went on within British ski racing last summer, a nasty little period provoked as much by the generation gap as policy disagreements, which robbed the U.K. of its best man of last winter—Konrad Bartelski. One can only hope that the next couple of years will enable the British to put together a reasonable squad for Lake Placid.

So British television viewers must confine themselves to admiring the finer points of the sport, rather than shouting for our own team. Thank heavens skiing makes such good viewing. Even a modest understanding of it makes it exciting. The added personal dimension for me is the recollection of trying out a downhill run in the wake of Mrs. Moser. She did it approximately five times faster than me. Ah well, back to ski school.

TV/Radio

BBC 1

† Indicates programme in black and white

9.41 a.m. For schools, colleges. 12.35 p.m. On the Move. 12.45 News. 1.00 Pebble Mill. 1.45 Trumpton. 2.00 You and Me. 2.25 For Schools, Colleges. 3.53 Regional News for England (except London). 3.55 Play School (as BBC 2 11.00 a.m.). 4.20 Winsome Witch. 4.25 Jackanory. 4.40 Scooby Doo. 5.00 John Craven's Newsround. 5.35 Fred Basset.

5.40 News.
5.55 Nationwide (London and South-East).
6.20 Nationwide.
6.45 To-morrow's World.
7.10 Top of the Pops.
7.40 The Good Life.
8.10 Wings.
9.00 News.
9.25 Gannon.
10.15 Omnibus: Gustave Courbet Engine of Revolution.
11.05 To-night.
11.30 Weather/Regional News.

All Regions as BBC 1 except at the following times:

Wales—1.45-2.00 p.m. Barnaby. 4.40 Crystal Tipps and Alistair. 4.45-5.05 Mae Gen I Stori . . . 5.55-6.20 Wales To-day. 6.45-7.10 Heddiw. 11.31 News and Weather for Wales. 11.32 For the Love of Albert.

Scotland—11.30-11.50 a.m. For Schools (living in Scotland). 5.55-6.20 p.m. Reporting Scotland. 11.45 News and Weather for Scotland. 11.48-12.13 a.m. Bonn Combraidh: Talking Point.

Northern Ireland—11.30-11.50 a.m. For Schools. 3.53-3.55 p.m. Northern Ireland News. 5.55-6.20 Scene Around Six. 11.05 I Didn't Know You Cared. 11.35 News and Weather for Northern Ireland.

England—5.55-6.20 p.m. Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands To-day (Birmingham): Points West (Bristol): South To-day (Southampton): Spotlight South West (Plymouth).

BBC 2

11.00 a.m. Play School.
6.10 Open University.
7.00 News on 2 Headlines.
7.05 Your Move.
7.30 Newsday.
8.05 Cantilena: Recital of Renaissance and Baroque music.
8.25 World of Difference
9.00 One Man and his Dog.
9.35 Men of Ideas.
10.20 Mexican Fiesta.
11.05 Late News on 2.
11.15-11.20 Closedown: David Markham reads "What Schoolmasters Say," by Martin Seymour-Smith.

LONDON

9.30 a.m. Schools Programmes. 12.00 Animal Kwackers. 12.10 p.m. Stepping Stones. 12.30 Make It Count. 1.00 News plus FT Index. 1.20 Help! 1.30 Crown Court. 2.00 After Noon. 2.25 Hunters Walk. 3.20 Looks Familiar. 3.50 The Sullivans. 4.20 The Little House on the Prairie. 5.15 Emmerdale Farm.

5.45 News.
6.00 Thames at 6.
6.35 Crossroads.
7.00 Wish You Were Here . . . ?
7.30 Mystery Movie: Richie Brockleman.
9.00 ITV Playhouse.
10.00 News.
10.30 Time for Business.
11.15 Kitchen Garden.
11.45 What the Papers Say.
12.00 Close: Karin Fernald reads a poem about Christianity.

All IBA Regions as London except at the following times:

ANGLIA

1.25 p.m. Anglia News. 2.00 Women Only. 4.20 The Secret Lives of Waldo Kitty. 4.45 Solo One. 6.00 About Anglia. 6.20 Arena. 7.00 Bygones. 7.30 The Bionic Woman. 8.30 Bless This House. 10.30 Police Woman. 11.30 Catch '77. 12.00 The Entertainers. 12.30 a.m. The Living World.

ATV

1.20 p.m. ATV Newsdesk. 3.20 Beryl's Lot. 3.50 Houseparty. 5.15 Happy Days. 6.00 ATV Today. 7.00 Emmerdale Farm. 7.30 The Bionic Woman. 8.30 Rising Damp. 10.30 Police Woman. 11.30 Master Golf.

BORDER

†1.20 p.m. Border News. 5.15 Lassie. 6.00 Lookaround Thursday. 7.00 Emmerdale Farm. 7.30 Mr. and Mrs. 8.00 The Streets of San Francisco. 10.30 Police Woman. 11.30 Wish You Were Here . . . ? †12.00 Border News Summary.

CHANNEL

1.18 p.m. Channel Lunchtime News and What's On Where. 6.00 Channel News. 6.10 Link Up. 7.00 The Big Film: "To Catch a Thief." 10.28 Channel Late News. 10.32 Focus on Wildlife. 11.00 TV Movie: "The Devil's Daughter." 12.15 a.m. News and Weather in French.

GRAMPIAN

9.25 a.m. First Thing. 1.20 p.m. Grampian News Headlines. 6.00 Grampian Today. 7.30 Mystery Movie—Colombo. 11.30 Reflections. †10.35 Sportscall. 11.15 Baretta.

GRANADA

1.20 p.m. This Is Your Right—Lord Winstanley offers advice to viewers. 4.20 Code R. 5.10 This Is Your Right (second chance to see the earlier programme). 5.15 Crossroads. 6.00 Granada Reports. 6.30 Emmerdale Farm. 7.00 "Stagecoach," starring Alex Cord. 10.30 What's On. 11.00 What the Papers Say. 11.20 Quincy.

HTV

1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 2.00 Women Only. 3.50 Beryl's Lot. 4.20 Dynomutt—the Dog Wonder. 4.45 The Lost Islands. 5.15 Kitty Kornered. 5.20 Crossroads. 6.00 Report West. 6.18 Report Wales. 6.35 Best in the West. 7.05 Rising Damp. 7.35 The Thursday Mystery Movie: Colombo. 10.35 Gallery. 11.05 Terror!: "The Skull," starring Christopher Lee.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion y Dydd. 4.20-4.45 Dyfodol Dimitri. 6.00-6.18 Y Dydd. 6.35-7.05 Sports Arena. 10.35-11.05 Fairport Convention in Concert.

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.18-6.35 Sport West.

SCOTTISH

1.25 p.m. News and road report. 2.00 Women Only. 4.20 Professor Kitzel. 5.20 Crossroads. 6.00 Scotland To-day. 6.30 Garnock Way. 7.00 Emmerdale Farm. 7.30 Charlie's Angels. 8.30 Rising Damp. 10.30 Wish You Were Here . . . ? 11.00 Late Call. 11.05 Thursday Cinema: "Die, Monster, Die," starring Boris Karloff.

SOUTHERN

1.20 p.m. Southern News. 2.00 Women Only. 4.20 Betty Boop. 5.20 Crossroads. 6.00 Day By Day. 6.30 University Challenge. 7.00 Emmerdale Farm. 7.30 Hawaii Five-O. 8.30 Rising Damp. 10.30 Elaine, the Singer of the Song. 11.00 People Rule. 11.30 Southern News Extra.

TYNE TEES

9.20 a.m. The Good Word followed by North East News Headlines. 1.20 p.m. North East News and Lookaround. 2.00 Women Only. 5.15 The Brady Bunch. 6.00 Northern Life. 7.00 Emmerdale Farm. 7.30 Rising Damp. 8.00 The Streets of San Francisco. 10.30 What Fettle!—"Gateshead." 11.15 Rich Man, Poor Man. 12.15 a.m. Epilogue.

ULSTER

1.20 p.m. Lunchtime. 4.18 Ulster News Headlines. 4.20 Big Blue Marble. 4.45 Little House on the Prairie. 6.00 Ulster Television News. 6.05 Crossroads. 6.30 Reports. 7.00 Emmerdale Farm. 7.30 The Bionic Woman. 8.30 Rising Damp. 10.30 Counterpoint. 11.00 Mind Your Language. 11.30 Wish You Were Here . . . ? followed by Bedtime.

WESTWARD

12.27 p.m. Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 6.00 Westward Diary. 7.00 The Big Film: "To Catch a Thief," starring Cary Grant and Grace Kelly. 10.28 Westward Late News. 10.30 Westward Report. 11.00 TV Movie: "The Devil's Daughter," starring Shelley Winters. 12.15 a.m. Faith for Life.

YORKSHIRE

1.20 p.m. Calendar News. 4.20 Look Out. 4.45 Run, Joe, Run. 5.15 Survival. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 7.30 Rising Damp. 8.00 The Streets of San Francisco. 10.30 The Frankie Vaughan Show. 11.30 Wish You Were Here . . . ? 12.00 Man and Woman.

RADIO 1 — 247m

(S) Stereophonic broadcast

6.00 a.m. As Radio 2. 7.02 Noel Edmonds. 9.00 Simon Bates. 11.31 Paul Burnett including 12.30 p.m. Newsbeat. 2.00 Kid Jensen. 4.31 Dave Lee Travis including 5.30 Newsbeat. 7.00 Country Club (joins Radio 2). 10.02 John Peel (S). 12.00-12.05 a.m. As Radio 2.

VHF Radios 1 and 2—6.00 a.m. With Radio 2 including 1.55 p.m. Good Listening. 10.02 With Radio 1. 12.00-12.05 a.m. With Radio 2.

RADIO 2 — 1,500m and VHF

6.00 a.m. News Summary. 6.02 Ray Moore (S) with The Early Show, including 6.15 Pause for Thought and 7.02 Cricket—Third Test, Pakistan v. England (report). 7.32 Terry Wogan (S) including 8.02 Cricket—Third Test (further news). 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.02 Cricket: Third Test (tea-time report). 10.03 Jimmy Young (S) including 12.02 p.m. Cricket—Third Test (report). 12.15 Waggoners' Walk. 12.30 Pete Murray's Open House (S) including 1.45 Sports Desk. 2.30 David Hamilton (S) including 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 Country Club (S). 9.02 Folkweave (S). 9.55 Sports Desk. 10.02 Two by Two. 10.30 Star Sound Extra. 11.02 Brian Matthew with The Late Show. 12.00-12.05 a.m. News.

RADIO 3 — 464m, Stereo & VHF

† Medium Wave only

6.55 a.m. Weather. 7.00 News. 7.05 Overture (S) (VHF only from 7.29). †7.30-10.00 Cricket: Third Test, Pakistan v England. 8.00 News (VHF only). 8.05 Morning Concert (S) (VHF only). 9.00 News (VHF only). 9.05 This Week's Composer: Franck (S) (VHF only). 10.00 Piano Recital (S). 10.35 Folk Music from the North, part 1 (S). 11.10 Interval Reading. 11.20 Folk Music, part 2. 12.05 p.m. BBC Northern Symphony Orchestra (S). 1.00 News. 1.05 Manchester Midday Concert. 2.00 The Real Mozart and Salieri (S). 2.30 A double-bill of Russian opera: "Mozart and Salieri," opera in one act, music by Rimsky-Korsakov. 3.30 "White Nights," lyric opera in one act, by Buzko. 4.45 A Second Chance to Hear . . . (S). 5.45 Homeward Bound (S). 6.05 News. 6.10 Homeward Bound (continued). 6.30 Lifelines: The Wider World. 7.30 The Art of Feodor Chaliapin (S). 8.00 BBC Welsh Symphony Orchestra, part 1: Harries, Beethoven. 8.50 Judging the Administration (talk by Richard McAllister). 9.10 BBC Welsh Symphony Orchestra, part 2: Berlioz. 10.10 Drama Now (S). 11.10 Schubert chamber music (S). 11.25 News. 11.30-11.35 And To-night's Schubert Song (S).

RADIO FOUR — THURSDAY — odlD

RADIO 4 — 434m, 330m, 285m and VHF

6.15 a.m. News. 6.17 Farming To-day. 6.35 Up to the Hour. 6.52 (VHF) Regional News. 7.00 News. 7.10 To-day. 7.35 Up to the Hour (continued). 7.52 (VHF) Regional News. 8.00 News. 8.10 To-day including news headlines, weather, papers, sport. 8.45 Yesterday in Parliament. 9.00 News. 19.05 These You Have Loved. †10.00 News. †10.05 From Our Own Correspondent. 10.30 Daily Service. †10.45 Morning Story. †11.00 News. †11.05 Down Your Way visits Blaenau Ffestiniog, Gwynedd. 11.45 Speaking for Myself. 12.00 News. 12.02 p.m. You and Yours. 12.27 The Burkiss Way. †12.55 Weather, programme news: VHF (except London and S.E.) Regional News. 1.00 The World At One. 1.30 The Archers. 1.45 Woman's Hour (1 from 2.00) including 2.00-2.02 News. 2.45 Listen With Mother. 3.00 News. 3.05 Afternoon Theatre. 3.50 Jack de Manio Precisely including 4.00-4.05 News. 4.35 Story Time: "Bulldog Drummond," part 4. 5.00 PM Reports. 5.40 Serendipity. †5.55 Weather, programme news: (VHF) Regional News. 6.00 News. 6.30 Top of the Form. 7.00 News. 7.05 The Archers. 7.20 Checkpoint. 7.45 More Than Skin Deep. 8.30 John Ebdon with the BBC Sound Archives. 8.45 Hawks and Doves. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World To-night. 10.30 Any Answers? 11.00 A Book at Bedtime. 11.15 The Financial World To-night. 11.30 To-day in Parliament. 11.45 News.

For Schools (VHF only): 9.05 a.m.-12.00 and 2.00-3.00 p.m.

BBC Radio London — 206m and 94.9 VHF

6.00 a.m. As Radio 2. 6.30 Rush Hour. 9.00 Carry On Councillor. 9.30 London Live. 11.03 In Town. 12.03 p.m. Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 In Town (as 11.03 a.m.). 8.30 Soul 77. 10.03 Late Night London. 12.00-Close As Radio 2.

London Broadcasting — 261m and 97.3 VHF

5.00 a.m. Morning Music. 6.00 A.M.—Non-stop news, travel, sport, reviews, information. 10.00 Brian Hayes. 1.00 p.m. LBC Reports including George Gale's 3 O'Clock Call. 8.00 After 8—with Ian Gilchrist. 9.00-1.00 a.m. Nightline.

Capital Radio — 194m and 95.8 VHF

6.00 a.m. Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Mike Allen with Cash On Delivery (S). 3.00 p.m. Roger Scott with his Three O'Clock Thrill (S). 7.00 Lord George-Brown's Capital Commentary (S). 7.10 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Jonathan King's Your Mother Wouldn't Like It (S). 11.00 Tony Myatt's Late Show (S). 2.00 a.m. Ian Davidson's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 3,571

ACROSS

1 Came out willing to be infatuated with . . . (6, 2)
5 . . . a doctor one paper left without guidance (6)
9 One member of pack always doing solitary (4, 4)
10 Riddle of the movies (6)
12 Sweetbread? (4, 5)
13 Stick to what Boycott wanted to do (5)
14 Girl would take off (4)
16 Shine key on English surgeon (7)
19 Reorganisation of a ragman (7)
21 Life-saver in the main is right behind (4)
24 Like crime squad to return detective under water (5)
25 Starting point for old-fashioned individual (6, 3)
27 Hateful to ring Dutch leader owing notes (6)
28 Regretfully she was declining lunch (4, 4)
29 Deny existence of entrance in north-east (6)
30 Symphony from America (3, 5)

DOWN

1 Sun comes down on cathedral alone (6)
2 Letting money be split with a student (6)
3 Neat sound to which sailors resort (5)
4 Forced to be grateful (7)
6 Cut off short by last-minute defending instructions (4, 5)
7 Deny it twice, that could produce a sameness (8)
8 Ten with a worker on the railway pay 2 down (8)
11 Dressing up can be a bore (4)
15 Playing area showing no mercy to persons of conviction (4, 5)
17 Move listlessly round a vehicle carrying cake (8)
18 Workman joins Heather in management (8)
20 Doctor on ship not collected by Rolling Stones (4)
21 The way to take going round in drill (7)
22 Accountant for barrow boy? (6)
23 Like a poet to be experienced (6)
26 To go to seed again might be worse (5)

SOLUTION TO PUZZLE N. 3,570

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;ourbet in London

y ANTONY THORNCROFT

,e most comprehensive exhi- 1 of the paintings of ive-Courbet ever to be seen ondon opens at the Royal emy to-day: it will show for nonths. Courbet is often re- ;d as the first great realist, ing the inspiration for many is works from the French ing class of the mid-19th iry. The exhibition was fully wed on this page on Novem- t by Denys Sutton, when it n show at the Grand Palais aris.

fortunately, some of the important of Courbet's s were considered too large too precious to be trans- d to London, in particular er dinner at Ornans," h was accepted by the Salon 849 and which established bet's name, and "Burial at ns," shown a year later, an ise and detailed composition which many of the artists' ly and friends featured as els.

it there are well over one dred pictures on display, in- ing "The Sleepers," shown , which Courbet painted for lil Bey in 1866. using his ous red headed Irish model This picture is far from istic, and, as Denys Sutton stressed Courbet is a much more complex and diverse painter than is sometimes appreciated. He has been labelled the great realist but as this exhibition shows he was at home with landscapes and portraits, still lifes and seascapes, as well as the genre scenes that he lifted out of the common place.

Although coming from a comfortable farming family Courbet assumed socialistic views, and suffered a term of imprisonment and bourgeois abuse during this comparatively brief life. But by the 1870s his artistic reputation was secure only to be overshadowed by the arrival of the Impressionists. Now his qualities are recognised, although, as Denys Sutton points out, the comprehensive catalogue to go with the exhibition draws some rather sensationalist conclusions about Courbet's life and work which cannot always be supported by the facts.

The exhibition is presented by the Arts Council and admission is £1 (half price Sunday mornings). It is a very worthwhile and entertaining display of the work of an artist who portrayed the 19th century world as it was, but enhanced with real painting skill.

Elizabeth Hall

Shirley-Quirk/Ortiz

by MAX LOPPERT

Tuesday's recital, in which John Shirley-Quirk was partnered by Cristina Ortiz, was not Mainly Schubert but only Half—the complete *Schwanengesang* collection in the first part, followed by the Schumann *Dichterliebe* cycle in the second. Mr. Shirley-Quirk is so cultivated, sensitive, and considerable an artist, one who lavishes such obvious and admirable care on musicianly details in his singing, on niceties of diction and precise note-lengths, that it is almost guiltily that one confesses to having found these performances for the most part worthy but uninvigorating, at times even dull.

Part of the problem lay in the voice itself, which, to these ears at least, seemed so often to lack a firm core of tone, to operate within a reduced and rather lugubrious range of tone colours. The reading of *Schwanengesang* was one of those that finally made a case against giving the "cycle" a whole, because across the collection there was spread a sameness of sound, a singleness of quality at dynamic levels low and high, that reduced contrasts between songs and diminished even the virtues of individual performances. Some brave, even heroic singing-out in "Der Doppelgaenger" (which the bass-baritone took in the original key of B minor) came too late to correct the impression.

With *Dichterliebe*, Mr. Shirley-Quirk was in the unenviable position of having to be compared with Peter Pears, in flawed but still unforgettable form, a fortnight ago. Downward transpositions in some but not all of the likely places meant, on Tuesday, that much of the light, meditative, romantic character of Schumann lines had to be sacrificed. Yet the still greater sacrifice was of a quickness of spirit—in such a song as the eleventh, "Ein Juengling liebt ein Maedchen," we had to take the ironic, mock-*volkstuemlich* bite from the words rather than from the tone in which they were clothed.

But the charge of monotony must by no means be levelled only at the singer. Miss Ortiz, who has shown herself to be a vivid and sometimes delightful player of other pianistic roles, seemed to have little real understanding of the meaning of her role in *Lieder*. Her method of carrying the voice was to damp down the body of instrumental sound to a toneless, shapeless mush for long stretches at a time, in which figuration was apt to disappear and bass line to suggest a vague subterranean blur. Even in the tricky acoustics of the Elizabeth Hall, and on a modern grand piano, such submissiveness sounded impossibly flaccid. The piano postludes in Schumann were, by contrast, more forwardly uttered — but the effect of this was to render them peculiarly decorative and inessential, unrelated to the matter of the music.

cord review

Schoenberg and other moderns by DAVID MURRAY

hoenberg: The string tets. Juilliard Quartet. 79304. £9.49.
ulenc: Piano sextet. Beet- n: Piano quintet. Eva rdahl and the Gothenburg d Quintet. BIS LP 61. £3.99
oulenc, Ibert, Faure, Chamin- "French Flute Concertos." es Galway and Charles oit and the Royal Phil- monic. RCA RL 25109. £3.49
ure: Various music. Ernest ermet and the Suisse nande Orchestra, and others. ca Eclipse ECS 805. £1.99
wingle II: Part-songs by nch and English composers. RL 25112. £3.49.
onegger: Jeanne d'Arc au her. Serge Baudo with ists and the Czech Phil- monic Chorus and Orchestra. raphon 112 1651-2. £5.50
erio: Concerto for two pianos. elujah II. Nones. Bruno ino and Antonia Ballista with iano Berio and Pierre Boulez the London Symphony and C Symphony Orchestras. A RL 11674. £3.49

choenberg's string quartets—re are five, counting the early, un-numbered D major one—form a splendid sequence, and the new Juilliard set reveals the dramatic power of each of them. Many music-lovers will have come to know the quartets through the Juilliard's old monaural recordings; only the leader, Robert Mann, remains in the new team, but their playing has the stamp of long familiarity with the music. These are not reverent performances, but impassioned and persuasive ones. With the LaSalle Quartet — the only recorded competition—one is reminded that they also play Webern (and Berg: their much fatter album contains all the quartets of the Second Viennese School, and so is not directly comparable). With the Juilliard one remembers that they also play Beethoven.

That is most striking in the long but staggeringly concentrated Quartet no. 1. A strictly tonal masterpiece it carries the 19th-century art of development to unheard-of lengths in the quartet medium — but triumphantly audible. The Juilliard performance is vivid beyond praise and it makes an ideal introduction to Schoenberg's musical thinking. After it, it is easy to come to terms with the lucid and neo-classical 12-note quartets, nos. 3 and 4; no. 3 gets a particularly beautiful reading here with none of the grittiness of the earlier Juilliard version. The full tone and the poise of the LaSalle Quartet are great virtues, and they have a better soprano (Margaret Price) for the 2nd Quartet, which sounds too plainly theatrical in the Juilliard's hands (and untypically rough); but in general the strengths of the two sets are complementary. (The LaSalle Quartet can be heard in all this music on the South Bank during the next two months.)

The modest and lovable art of Francis Poulenc is as fully represented, in its way, in *his* chamber music—which includes not one string quartet. (He undertook one, but destroyed it.) An extraordinarily silly decision by EMI to release their album of it all in Britain with one record amputated has deprived us of the jaunty, wholly personal Sextet for piano and winds. The engaging and stylish performance of that work by a Scandinavian group on BIS is therefore doubly welcome, matched with the young Beethoven's cheerful Piano Quintet. Poulenc's late Flute Sonata turns up unexpectedly on James Galway's new RCA record with its piano part orchestrated by Lennox

Book Reviews are on Page 16

Berkeley, a friend of the composer—with scrupulous tact, if in subtler pastels than Poulenc was wont to use (he loved the sound of a theatre-band). Galway himself has orchestrated a bit of slight but genuine Faure, the flute *Fantaisie*. His other "concertos" are by Ibert and Cecile Chaminade, and everything is played with the same intelligent, slightly unrelenting efficiency—a record which primarily shows off the soloist.

Someone at Decca has had the happy thought of making a bargain compilation of "light" Faure, a mixed bag of civilised performances which includes not only the predictable *Pelleas* suite and the Pavane (without its non-obligatory choral *obbligato*) but fine later music. Besides the ravishing harp Impromptu (rather too freely pulled about by Osian Ellis) and the wonderfully elegant and tender *Masques et Bergamasques* (written at the age of 74!), there is the richly sombre Prelude to his neglected only opera, *Penelope*: a bargain indeed. Ward Swingle's new Swingle II group filters part-songs and cantatas of the earlier 20th century through its altogether special style on RCA. There are only eight voices, recorded individually and close-to with uncanny intimate clarity. Their pitching is often such as to cause acute physical pleasure; the trick of building a strong, jazzy beat into the vocal line occasionally reduces the music to two dimensions, but musical aspects of their chosen works—especially Debussy and Ravel, not their self-consciously raw Poulenc *Un Soir de Neige*—are brilliantly, if selectively, illuminated.

Poulenc's colleague of "Les Six," Arthur Honegger, had sufficiently less sense of humour than he to work often with the fearsome Paul Claudel, with the paradoxical result that the sober Honegger's quasi-religious *oeuvre* is frankly theatrical where Poulenc's is heartfelt. The Honegger - Claudel dramatic oratorio *Joan of Arc at the Stake* reappears in a performance by Czech and French forces under Serge Baudo, recorded with great depth and effectiveness and played with committed enthusiasm. The music essentially supports Claudel's monstrous spectacle (there is much spoken text)—Claudel virtually dictated what the composer was to do, and his over-riding intention was plainly to dazzle an audience into devout submission. But Honegger's professionally sturdy contribution has his own voice wherever it can, and the whole at any rate makes a quite special experience.

So does Berio's recent two-piano concerto, the main work on RCA's new Berio record, in a less compromised way. Something Italianate-theatrical has always been noted in his music, and he has sought to bring manners of delivery within compositional control. The two-piano concerto (in which there is, characteristically, a third piano in the orchestra) is a superbly ramified exploration of kinds of dialogue between the pianos themselves, their orchestral piano-echo and the orchestra itself. Already an influential work, its phosphorescent ripplings allow more and more powerful currents to be discerned at every hearing.

Country Cousin

Holly Woodlawn

Dear Holly,

I'm writing this to you because it saves a lot of trouble with the personal pronouns, such a problem with drag acts. What's interesting about your performance is that you don't go in for those coy touches some others do, reminding us that under your charmingly feminine exterior a man's heart beats; you belong less to the school of Danny La Rue than to the school of Hinge and Bracket, if you'll forgive these references to the English scene. I thought, by the way, that whoever had clued you up on the English scene for your dialogue had done rather well—better than most of our TV comics, anyway.

So there you were, in your slinky gown showing enough of the right-hand side of your chest to reveal its flatness, your hair no different from that of many of the local teenage boys, though you handle it more prettily. But what you do is feminine to the hilt, every move and every sound. And I thought you handled your songs with some skill — point numbers, romantic numbers, comedy numbers, the lot.

But not, to my personal satisfaction, pop numbers. Would you be piqued if I said you were rather old-fashioned? Your singing and your movements belong to the style of the 1950s or even earlier, when singers had to know how to sing and actors how to act. (None of that rubbish nowadays.) Of course, I suppose it's all borrowed from other players that you have seen, but you've chosen the right acts—that is, the acts I'd have chosen myself.

I thought you were a real fun person, with enough built-in sense of humour to describe yourself as a "truly bionic disco queen" but more than enough talent to get by in the scene you've chosen for yourself, and always with the elegant expertise that no doubt you have picked up in your association with Mr. Warhol. Incidentally, I suspect that people who disapprove of drag artists on principle will find less to disapprove of in your act than in any, apart from Hinge and Bracket. Sorry to bring them in again. You ought to have a look at them if you get the chance. They have elegant expertise too, though it's not the same brand as yours.

With all best wishes,

B. A. YOUNG

ng's Head

Kingdom Come

by MICHAEL COVENEY

Leonard Burt

Des Keogh and Glenna Forster-Jones

Billed as a Caribbean-Irish usical comedy, Stewart Par- r's piece of whimsical flimsy stronger from moment to oment than in the sum of its rious entertaining parts. Set a hotel verandah on the aribbean island of Macalla, it is in the background to an niversary celebration of the and's settlement organised by committee representative of all litical interests in the com- unity.

An unstressed parallel may drawn with Irish history as e place is divided into uneasy ctions. Unfurling, in the ntlest possible way, the flag of nglo-Irish imperialism are the prechaun Father O'Prey (Des eogh), the sensibly shod Miss unwoody (Sonia Graham) and e bumbling old-style colonial ureaucrat Pyecraft (John utland).

Each of these three is plotting elf-interestedly with a represen- tative of the indigenous com- unity: Father O'Prey with a wivel-hipped journalist Huey ynch (Carl Andrews), Miss Dunwoody with a tall constable n white uniform and solar topi Cy Grant), and Pyecraft with a ragmatic sex-pot (Glenna Forster-Jones) who welcomes ourists and discotheques as a way of bringing the island in line with the world.

The voice of the people sounds through the figure of a radiant house-girl Teresa (Janet Bartley) who takes over the celebratory pantomime with a sung black power salute after Pyecraft has unwittingly set the marquee on fire with an abandoned pipe. Tony Tanner's unflaggingly resourceful staging provides a final powerful effect as the rest of the cast support Teresa's finale with close harmony and a shower of glittering red streamers. I am not convinced that the slight dramatic content can justify such a militant punch-line, but the style and pace of the fun is certainly well capped.

As in his previous work at this address, *Spokesong*, Mr. Parker reveals himself an adept lyricist and, with composer Shaun Davey, he has written a delightful small-scale score full of ebullient Caribbean rhythms and affectionate musical pastiche. The cast is, without exception, as good as the material allows them to be, a particularly strong impression made by the slinky Miss Forster-Jones and the brawny Mr. Andrews. Musical direction is by David Wykes, who gives the show a vigorous lead from the piano keyboard.

Wigmore Hall

Gerhard Oppitz

by DOMINIC GILL

Gerhard Oppitz is the young (b.1953) German winner of last year's International Rubinstein Competition: and his London debut recital on Tuesday was part of a series of seven concerts given by young German musicians which runs all this week at the Wigmore Hall.

Like all competition winners, Oppitz is a forceful artist. He has a fine, secure technique and quick, well-schooled responses: he is a promising talent to be taken seriously. Yet "well-schooled" is still the first word. For all his usually excellent, often exciting, physical grasp of the notes, he did not seem yet to have found — except unreliably, in sudden flashes—a truly personal, original voice. There was a sense of reserve, of remove, to the excitement—sometimes of hesitation, sometimes of learning by rote, instead of by discovery: evidence always of exceptional gifts, but not always of exceptional musical perception. He should go far: but no one should push him too fast.

He found his measure most exactly in the first piece of his programme, the fascinating little set of early Brahms variations Op. 21, No. 1, which allowed him to indulge in some pleasing rhythmic tricks and rubato nuances without ever destroying the flow of the music, or obscuring its very clean and open texture. He seemed less ready to scale the heights of Beethoven's Op. 111: a solid, clearly-worked account, but without buoyancy, firmly earthbound. Expressive lingerings in the Arietta, far from freeing the line, only held it back by hiding the basic pulse.

Oppitz's account of Skryabin's fifth sonata after the interval was flawed only by a wild (and eminently forgiveable, though no less eminently damaging) enthusiasm for speed: a *super-prestissimo possible* blur of notes in place of the composer's own *presto con allegrezza* and *allegro fantastico*—dizzy tumult, entertaining to witness, but at its dizziest bearing only the faintest imprint of Skryabin's score. Here, and in Chopin's Polonaise fantaisie, Oppitz seemed to be searching for some self-consciously "mature" interpretation beyond his capabilities: interesting, pungent, wayward readings which stamped rough-shod on the notes, and sent them reeling. When his performance matures, it will drive with the same force, but it will listen more deeply—achieve poise, calm, and still centre.

Festival Hall

Zimerman/Conlon

by ARTHUR JACOBS

A pianist aged 21 and a conductor aged 27, both firmly embarked on international careers—it was certainly youth's occasion with the London Symphony Orchestra on Tuesday. This was the first concerto appearance in London of Krystian Zimerman (he reappears on Sunday evening) and the London debut of James Conlon, who in his native country has already conducted the Philadelphia Orchestra and the Metropolitan Opera.

As a Pole and as victor of the Warsaw International Chopin Competition, it was to be expected that Mr. Zimerman should deliver Chopin's Piano Concerto in F minor with poetic fluency. All the same, I was left disappointed with what might in bygone terms have been called an over-feminine interpretation of the score.

A singing melody and an indiscriminately rippling accompaniment are not, after all, the full measure of Chopin. A strong bass line was lacking, and likewise a due emphasis on those enrichments cunningly placed by the composer in the middle voice. There was some seemingly pointless interference with Chopin's own distributions of *piano*, *forte* and *fortissimo*, and the finale needed a prouder, stiffer, more polonaise-like rhythm to contrast with the lyrical slow movement.

Mr. Conlon, by contrast, had ushered in the concerto in strongly marked outlines. It had already become clear, in a vivacious performance of Berlioz's *Franc-Juges* overture, that this conductor's taste is not for smoothing away an asperity which may belong to the music itself.

In Mahler's First Symphony (conducted, like the Berlioz, without a score) there were moments where the ensemble slightly slipped. But they were few, and did not stop me from admiring the span of Mr. Conlon's thought and the way that the final triumphant proclamation seemed logically to grow from the rest and not to be merely stuck on behind. Mr. Conlon's gifts are to be relished.

The orchestra, which had rather let Mr. Zimerman down with a wobbly horn-signal in the last movement of the concerto, displayed a fine tonal range in the symphony. Mahler's brass parts were generously reinforced in number, even beyond the composer's demand. Less welcome, in the quiet opening of the symphony, was the counterpoint of fully stereophonic coughing provided by members of the audience. I hardly think that this is what the composer's direction, "Like a sound of Nature," is supposed to mean.

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Hard choices for Soares

BARRING unforeseen accidents, it now seems probable that Dr. Mario Soares will be invited by the President to form a new Portuguese government. On paper, the new cabinet should be stronger than that which lost the vote of confidence in the Lisbon parliament six weeks ago. For on the strength of a vote in the national executive of his Socialist Party, Dr. Soares has been empowered to broaden his government to include some CDS (Christian Democrat) ministers, as well as some independents. Unfortunately, it is difficult to be confident that such a cabinet will necessarily provide strong and stable government, or that it can do much more than postpone the date of fresh general elections.

Bickering

In one sense, the deal under negotiation with the CDS party should represent an important psychological step forward. Until his defeat last month, Dr. Soares had led a minority Socialist government which was permanently hamstrung by its parliamentary weakness, and legislative action consisted in staggering from one temporary expedient to another. Despite the steady deterioration of the country's economic situation, the parliament was characterised mainly by bickering and recrimination, and in the event it was easy for Dr. Soares' opponents to vote him out of office. If the negotiations with the CDS should prove to pave the way to a genuine policy consensus—and not just to the inclusion of a handful of CDS ministers—the stage could be set for a more consistent attack on the country's economic problems.

The parliamentary arithmetic of the new arrangement adds up to a reasonable government majority, since the 102 Socialists and the 41 CDS members together account for well over half the 263 parliamentary seats. Unfortunately, Dr. Soares is under considerable pressure from his own Left-wing to balance the deal with the conservative CDS party by a counterweight agreement on policy with the Communists.

There are good arguments for offering the Communists something, for while Communist votes in parliament may not be strictly necessary for the passage of government legislation, Communist influence with the trade unions is very strong, and trade union restraint may prove to be an essential ingredient in any effective government policy to curb inflation and turn round the balance of payments. Yet it is exceedingly hard to see what common ground there can be on major policy issues between an unashamedly Stalinist Communist Party and a conservative party one of whose top priorities is to reverse the Left-wing measures enacted in the wake of the 1974 revolution.

The occasion for Dr. Soares' defeat in parliament six weeks ago was the Government's proposal of an austerity economic programme designed to meet the conditions laid down by the International Monetary Fund for a stand-by credit. In practice, Portugal has a little time to play with, since it still has substantial gold reserves. But in the medium term, the country has no alternative to an economically restrictive policy, with or without the IMF.

Unemployment

On the other hand, as the Organisation for Economic Co-operation and Development noted in its recent report on Portugal, the Government's margin of manoeuvre is very narrow: harsh deflation would immediately exacerbate the serious problem of unemployment, while inadequate restraint would merely produce very slow growth, without really rectifying domestic inflation and the external deficit. It will require great skill and courage for the new Government to get the policy mix right.

If the new government fails to regain some of the political credibility which has been dissipated over the past 18 months, there will be little alternative to fresh general elections. But on present evidence, the Communist Party could well be the only one to benefit in such an election. The Socialists, in particular, have come in for criticism for corruption and nepotism as well as for governmental incompetence, and they have not been helped by the latest scandal surrounding one of their most prominent members, Edmundo Pedro. Dr. Soares will have his work cut out to restore the hopes originally placed in him.

Early days on earnings

THE CALLING-OFF of the firemen's strike and the readiness of the miners to abandon their previous hostility to local productivity deals have undoubtedly had an effect on the climate of wage negotiations. It now seems possible that average earnings will rise in the current year by less than earlier seemed likely. The Department of Employment claims that 95 per cent. of the workers who have settled since the end of Phase Two have done so within the official guidelines—figures recently published by the CBI are not very different—and the official forecasters are said to have revised slightly downwards their private estimate of what the overall increase will finally turn out to be. It is still, of course, well above the stated aim of 10 per cent.

The latest statistics from the DoE, however, do not yet reflect this improvement in the atmosphere. The index of wage rates remained unchanged in December and has risen very little since the end of Phase Two, but is of less relevance than usual at a time when it is the behaviour of actual earnings that matters. There are now two indices of earnings and the newer one, which covers the whole economy, showed a slight drop (to 8.5 per cent.) in the year-on-year increase between October and November.

Settling late

But this was due to nothing more fundamental than the fact that local authority manual workers settled later this year than last. This is a general tendency. Only 20 per cent. of the workers covered by major pay settlements have settled so far in the current round against 35 per cent. in a normal year—partly, no doubt, in the hope that the policy will weaken and their chances improve as time goes by. However that may be, and the hope looks less realistic now than it did, seasonal corrections are not as useful as they usually are and the older index of earnings (which is seasonally corrected but covers only production industries and some services) is for the moment not much better than the new.

It shows quite clearly that the trend has changed since the end of Phase Two. Year-on-year increases in earnings dropped month by month until August but rose in the subsequent three months with a particularly sharp rise between October and November. But this last figure, which already puts the year-on-year increase above the official target of 10 per cent., is itself probably affected by the tendency to settle later than usual and includes an element of back pay. A much more serious difficulty of interpretation arises from the mere fact that one cannot expect the index, with so few workers having settled so far, to reflect the impact on earnings of productivity deals, whether self-financing or artificial.

Future risks

Ministers believe that the efforts made to talk round those who have settled outside the guidelines have had a useful effect, even when the result has only been to replace a straight pay increase with one tied somewhat insecurely to higher productivity. It may well be that some of the more difficult negotiations now approaching—notably in the electricity supply industry — can be settled with the help of a productivity formula. Some such indirect method of restoring flexibility may be an unavoidable result of the rigidity with which the Government is enforcing its guidelines in the public sector.

But these fragmented efforts to ensure that the appearance, at least, of the official guidelines is preserved may be storing up trouble for the future. There are two dangers in particular. One is that the doubtful productivity deal should become a standard feature of pay negotiations and not only threaten genuine productivity deals but create a sense of grievance between groups which are and are not able to take advantage of them. The other is that the promise of special treatment in the future for particular groups, like the firemen and the police, should later create an untidy and unacceptable pattern of public sector earnings.

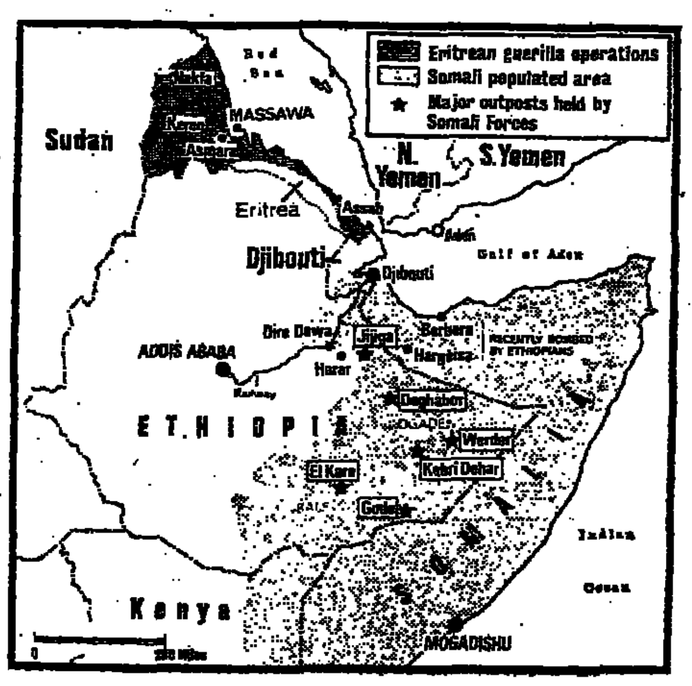
The Russian gamble in Ethiopia

BY JAMES BUXTON

AN AIRLIFT of Soviet arms to Ethiopia has caused increasing alarm among Western countries in the past seven weeks. Some 225 aircraft are said to have been involved, and since dozens of shiploads of arms have also been despatched to Ethiopia by sea, western intelligence sources believe that Ethiopia may have received about $1bn. worth of tanks, aircraft and other equipment since last April.

Some 1,000 Russian and 2,000 Cuban advisers—most of them military—are reported to be in Ethiopia. The U.S. and its allies are worried that the Soviet Union intends not merely to help the revolutionary Government in Ethiopia defeat the secessionists campaigning within its borders, but also to establish a permanent military presence in what many analysts consider an area of crucial strategic importance to the West.

Its importance is that the Ethiopian coastline lies at the entrance to the Red Sea, a major western shipping route, while the coast of its neighbour, Somalia, with whom Ethiopia is in effect at war, parallels the tanker route through the Indian Ocean from the Gulf.



An ally in difficulty

While the Soviet Union can demonstrate its willingness and ability to help Ethiopia, an ally in difficulty, for a variety of reasons the U.S. and its allies can do little to match it. The parallel is being drawn between Ethiopia and Angola, where, in 1975-76, the Soviet Union and Cuba were able to influence decisively the course of the war in favour of the Marxist regime, while the West could do virtually nothing. The Russians, it is argued, could do the same now, in another African country.

The embarrassment of the Americans is increased by heavy pressure upon them from their allies in the region, Saudi Arabia and Iran, to take action. And Somalia, which last November terminated the Soviet military presence on its territory, has lent urgency to its appeal for Western military help with the claim that an Ethiopian invasion of its territory is "imminent."

Somalia has presented no evidence to support its contention that it is about to be invaded by Ethiopia, and the Addis Ababa Government has stressed that it has no intention of doing more than to clear its borders of what it calls Somali invaders. There have not even been confirmed reports that Ethiopian forces have yet begun a major offensive in the Ogaden region of Ethiopia, most of which is still under the control of Somali forces. Though Somalia says that it wants arms only to defend its own territory, it is hard not to infer that its real aim is to retain control of the Ogaden.

The Ogaden is the semi-arid eastern corner of Ethiopia. For several centuries its population of probably not more than 2m. was almost exclusively Somali. When the European powers divided up the Somali coast of the Horn of Africa at the end of the 19th century they gave Ethiopia, which never was colonised, a firm title to it. Ever since the Somali State was founded in 1960 its aim has been to unite all the Somali peoples of East Africa into one state. (Somalis also live in the new republic of Djibouti and in north eastern Kenya.) Because the western countries never assisted Somalia in this aim it turned early in the 1960s to the Soviet Union and after an army coup had brought President Siad Barre to power in 1969 Russian military aid was greatly stepped up. In return Russia was given naval facilities at Berbera on the Gulf of Aden.

The revolution in Ethiopia in 1974, which led to the deposition of the Emperor Haile Selassie, greatly weakened this populous (28m.) but backward and heterogenous country. In the northern province of Eritrea, annexed by the Emperor in 1962 after having being federated with Ethiopia in 1952 by the United Nations, a secessionist guerilla movement stepped up its attacks. By early last year the guerillas were beginning to capture substantial towns, and with the pressure mounting in the north a change in the military government in Addis Ababa presented the Somalis with what President Siad saw as the opportunity of a lifetime. The change brought Col. Mengistu Haile Mariam to supreme power and moved Ethiopia decisively towards the east bloc; the U.S. which had been increasingly reluctant to continue supplying arms, was told in April to remove its military assistance mission and Ethiopia started receiving arms from Russia.

Aware that it would inevitably take time for the Ethiopian armed forces to assimilate their new Soviet equipment the Western Somalia Liberation Front, which had been waging a guerilla campaign in the Ogaden for some years, stepped up its attacks. It started an offensive which by the middle of last September had taken the Ethiopian base of Jijiga at the foot of the moutains in the north of the region and left almost the whole of the territory in Somali hands. The guerillas had been stiffened by Somali regulars and in the offensive Somali regular forces operating tanks and armour and flying MiG jets became more and more heavily involved (though this was always denied by the Somali Government). They were helped by internal strife both in the Ethiopian regime, and in the army itself.

The U.S., Britain, and France, sensing Somali disillusionment with the Soviet Union as it began to help Somalia's long standing enemy, Ethiopia offered Somalia arms in mid-July, but soon withdrew their offer when the scale of Somali involvement in the Ogaden became clearer. (It is an unanswered question to what extent the offer of arms was taken as a go-ahead for the Ogaden campaign). The Soviet Union, having initially hoped that it could straddle both Marxist countries with a kind of socialist federation, finally came down firmly on the side of Ethiopia. Arms supplies were increased, while those to Somalia dried up. Finally in November Somalia ordered the Russians to quit their naval and military facilities and broke relations with Cuba.

By this time the Somali assault was beginning to lose momentum as it came up against more powerfully equipped Ethiopian forces, at least some of whose internal conflicts had been sorted out. Although Somali forces broke into part of the ancient city of Harar at the end of November, they were quickly driven out again. What few reports there have been since from this part of the front have suggested that the Ethiopians are beginning to go onto the offensive. Last month their aircraft bombed the Somali town of Hargeisa and the port of Berbera.

Soviet strategy now appears to be to give Ethiopia the means to deal decisively with the Somalis in the Ogaden and to crush the secessionists in Eritrea. It is providing Russian and Cuban military personnel who can train the new divisions Ethiopia is raising, familiarise the army and air force with the new equipment, advise on tactics and possibly, though there is no firm evidence of this, take part in the fighting themselves. The Ethiopians deny that there are any Cuban and Russian military advisers in the country.

Outside chance

If the strategy were to succeed the Soviet Union would be backing a grateful Marxist government in control of its Red Sea coastline (all of which is in Eritrea). There is even an outside chance that a defeat of the Somalis—and hence the collapse of President Siad's Ogaden policy—might cause his replacement by a regime more amenable to the Soviet Union. In addition the Soviet Union would have ample opportunity to alarm the west because of the sealanes, and to cause concern to Ethiopia's pro-western neighbours, Kenya and Sudan.

But all of this is far from being a foregone conclusion. The conventional forces in the Ogaden could be defeated by sheer firepower, but it is a considerably more difficult matter to defeat an armed population organised into guerilla groups. The same applies in Eritrea, where the armed struggle has been going on far longer. The revolution in Ethiopia is still raging and it is not certain that the pro-Moscow junta will remain in power. Even if it does, it may well prefer to follow its avowed intention of non-alignment. Indeed its recent moves towards reconciliation with Sudan show a desire to have better relations with its neighbours.

African view

The scale of Soviet intervention is such that it is barely possible for the U.S., which would almost certainly coordinate any western initiative, to continue to take the view that the Horn of Africa is a purely African problem that should be settled within Africa, and that the Russians and the Cubans should be left to wallow in what could still turn out to be a quagmire. Yet the possibilities for action are strictly limited. The U.S. cannot send arms to Somalia because, whatever one thinks of Somalia's moral case in the Ogaden and the authenticity of the Western Somalia Liberation Front, virtually every other African State takes the view that Somalia is the agressor and that its action threatens the principle that borders inherited from colonial times are inviolable. Somalia's contention that the people of the Ogaden are liberating themselves from Ethiopian colonialism is not widely accepted.

The same difficulty applies, to a slightly lesser extent, to America's option of encouraging other countries discreetly to transfer arms and military personnel to Somalia (which the State Department has said it will not do). Iran and Saudi Arabia, among other States, are already supplying Somalia on a limited scale, but would require American approval to transfer larger, U.S.-made items such as Phantom jets. Britain, similarly, would need to give its permission for Iran to transfer Chieftain tanks to Somalia.


Guerillas raise the Eritrean banner

If those choices are ruled out, as so far they appear to be, the U.S. has diplomatic options. It can get tougher with the Soviet Union in the Strategic Arms Limitation Talks. Only the issues at stake in SALT are so much more important to the U.S. than events in Africa that this would hardly be in the U.S. interest.

There is much to be said for the U.S. calling for a debate on the Soviet role in Ethiopia at the UN Security Council, which amount to questioning in an open forum the Soviet right to a free hand in Ethiopia. And the U.S. can continue to press mainly through its newly established friend in Africa, Nigeria, for a negotiated settlement perhaps mediated by the Organisation of African Unity. Somalia has indeed said that it is prepared to hold talks, but Ethiopia has said that it will not talk until it has cleared Somali forces from its territory. Washington can also try to induce Somalia to withdraw from the Ogaden by promises of increased aid, but that barely seems realistic at this stage.

For the U.S. the range of possibilities looks bleak, and it is not surprising that Washington appears to be planning no concerted action at this stage. For the peoples of the Horn of Africa the certainty is that there will be more bloodshed. Just as one can understand the desire of the Ethiopian Government to hold the country together at all costs, so one can appreciate the Somalis' desire to unite. But both are caught up in a power struggle that transcends the local issues.

MEN AND MATTERS

The best laid plans...

News that the Soviet President Leonid Brezhnev has postponed his planned visit to West Germany next month on health grounds makes it increasingly unlikely that he will take up the long standing invitation to Britain either.

The invitation has been outstanding since February 1975 when Sir Harold Wilson led a delegation to Moscow to sign the £950m. export credit line, which has still not been fully used. The last British politician to meet the Soviet leader was Foreign Secretary David Owen, who received the full Kremlin red carpet treatment when he visited Moscow last October. This was taken as a sign that the Soviet Union wanted to improve relations with Britain and also fed speculation at the time that some thought was being given to the first visit of a Soviet leader to Britain for over 20 years.

The last time was in April 1956, only six months before the Budapest uprising and the Suez affair. The visitors at the time were the ebullient Nikita Khrushchev and the goatee bearded Nikolai Bulganin who arrived by cruiser at Portsmouth. Whereever they went they were surrounded by very tight security arrangements but Khrushchev came over as very much the dominant personality — so much so that wags complained that they could not see the Bulge for the Krush.

This latest confirmation of Brezhnev's ill-health is bound to increase speculation about his likely successor, although at this stage no clear heir-apparent is on the horizon.

One man who must be crossing his fingers and hoping for the best is publisher Robert Maxwell, who has just brought out a shortened version of Brezhnev's official biography. It is a version which carefully excludes any reference to Brezhnev's predecessors Stalin and Khrushchev. Once a new man is firmly in the Kremlin saddle the Soviet habit of retroactive historical writing is likely to judge Brezhnev's place in history somewhat differently from that currently advertised.

Inner space

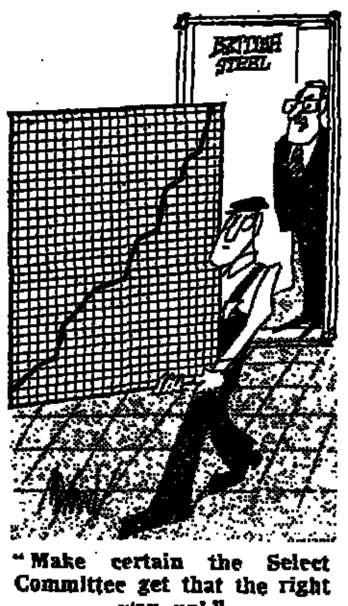
One o fthe Government's great wartime communications research centres was incommunicado at 4.15 p.m. yesterday. The Appleton Laboratory of the Science Research Council, formerly the Radio and Space Research Station, near Slough, keeps us in touch with research satellites far out in space. Its scientists are deep into the problems of transmitting microwaves through heavy rain and atmospheric pollution. But not, apparently, ordinary Thames Valley fog. When I called yesterday, the man in the gatehouse said apologetically: "Due to the fog, Sir, everybody's gone home and the switchboard's closed down." Technology, you're wonderful.

Blushing touts

The demand for tickets at the forthcoming bi-annual England versus Wales rugby international at Twickenham has reached such proportions this year that ticket touts are reported to be embarrased by the high prices they are having to ask.

There have been applications for 170,000 stand and terrace tickets, and as the ground only holds 65,000, this means that the RFU has had to return about £300,000 to customers it could not satisfy.

Now terrace tickets with a face value of £1 are being sold for up to £15 each while stand seats, if you can find a tout with any to sell, are making between £70 and £80 each, when they were originally bought for either £4 or £5.



"Make certain the Select Committee get that the right way up!"

Naturally enough the RFU deplores such a market, especially when it is rugby club members which create it by selling tickets ostensibly ordered for themselves.

This year, however, the Rugby Football Union has been even tougher than usual in allocating tickets to clubs.

The warning light showed when Moseley, one of England's leading clubs and established in 1873, applied for 150 stand tickets—all stand tickets being originally allocated by the RFU to member clubs who apply—and received only 10, hardly enough to go round the committee never mind the many other members.

It all goes to show what a money-spinner amateur sport can be. But it has to be a glamorous match. If you should happen to want some terrace tickets for the next England game against Ireland at Twickenham on March 18 the RFU would be happy to supply you with as many as you need.

Quebec close

Separatism is still the issue which dominates politics in Quebec. Unfortunately for Quebec's only separatist newspaper, the weekly Le Jour, however, it seems that the average Quebecois is not over-enthusiastic about spending $1 a week to read about the separatist point of view when the topic is discussed ad nauseam on radio and TV as well.

Which is at bottom why Le Jour is now having to close its doors for the second time in four years as circulation has dropped 3,000 below the break even point of 15,000 copies.

Until the elections in November 1976 which brought Rene Levesque's Parit Quebecois to power, Le Jour received a subsidy from the party and both Levesque and his current finance minister Jacques Parizeau wrote weekly columns.

The party stopped this assistance soon after the elections and although a certain amount of Government advertising was channeled its way it was not enough to keep the paper open in the face of declining circulation.

Low gear

The chief instructor of a school of motoring tells me that while he was being driven towards Hyde Park Corner by a middle-aged woman learner he told her to "keep to the middle of the road and use the underpass." The woman groaned. "You've caught me again," she said. "I'm in overdrive."

Observer

ECONOMIC VIEWPOINT

Recipe for jobs, incentives and welfare

HAT IS the best way to use e next Budget to reduce un- iployment? The conventional swer would be in terms of iecting more demand into the onomy, raising the GDP and on. In my view that is the ist important aspect.

The composition of the fiscal ckage is at least 10 times as portant as its size. Miraculous curacy in size and timing uld at most bring the un- ployment rate down to the stainable (or so-called atural ") rate, which can be garded as the minimum con- tent with avoiding another lationary takeoff. Structural easures, rather than mere mand injections are required reduce the sustainable rate elf.

One reason why the irre- cible unemployment mini- um appears so high is that e tax and social security sys- n combine to make work an attractive financial option for important minority. They o make it unattractive for ny people in low-paid jobs move to better-paid work if e latter is in any way more manding or involves any in- nvenience. Those who are ncerned with social policy k of the "poverty trap" ile market economists talk of vork disincentives," but the enomenon is basically the ne.

Indeed in the face of the agre and sometimes negative terial gains from employ- ent revealed in the table the rprising thing is that far re people have not been de- rred from taking jobs. So ng as these disincentives emed an inescapable part of oviding decent unemployment nefits, I was in favour of pay- g the benefits, tolerating the resulting high unemployment totals, and enduring the abuse received for pointing out the connection. But thanks to the £2bn. or so available for the Chancellor to remit, there is now a chance of increasing work incentives, without reducing benefit and, on the contrary, promoting an egalitarian redistribution towards the poor and more hard pressed: and moreover to do all these things by means of existing fiscal instruments without an administrative upheaval.

But first, a word about the present work disincentives. The adjoining table is derived from an Answer by the Secretary of State for the Social Services to the indefatigable Mr. Ralph Howell. It shows that a typical householder with two children, whose wife has no earnings, and whose work record entitled him to earnings-related benefit, is theoretically better off on benefit than earning £55 a week. Even at £65 a week he only gains just over £2 by taking work. Moreover he pays an implicit marginal tax rate of 64 per cent. on increases in earnings above £55, and 54 per cent. on increases above £65.

For someone with four children (not shown in the table) the crossover point at which it pays to work comes at £65, and even then he is only just over £1 better off. If he is at work and gets an increase from £75 to £85 (well above the average wage) he will be subject to an implicit marginal tax rate of over 80 per cent. (largely due to the ending of free school meals and rent and rate rebates).

The work disincentive is not the only or necessarily the most important aspect of the poverty trap. It is bad that people find that there is no way of raising themselves by their own efforts, because what they gain is taken away from them by the authorities. It is absurd that men and women judged to be below the poverty line should be made worse off if they earn more—or start to earn at all.

Obviously the representative assumptions on which the tables are drawn up will not apply in detail to many individuals. Deviation can be in both directions; and much depends on take up of benefits.

Unfortunately academic and official studies of the effect of benefits and work incentives have concentrated on unemployment pay alone rather than the whole range of available benefits; and a relatively small proportion of the jobless seen to draw the earnings related supplement. Moreover, such studies have tended to relate benefit to average earnings—ignoring the fact that the unemployed tend to have below average earnings when in work, and come from an income group particularly hard hit by the reduction in recent years of the effective threshold at which tax starts.

There are also important dynamic effects. If a group of workers, whom we might call A, become unemployed for semi-voluntary reasons because of work disincentives, this reduces the supply potential of the economy and creates shortages or increases prices of A products. This in turn may reduce employment opportunities in industries B and C, which are dependent on the products of A; and the induced rise in B and C unemployment may be largely involuntary and unrelated to benefits or tax.

The poverty surtax and associated work disincentives are of course far from being the only reason for the increase in the sustainable unemployment rate.

The existence of these other forces is, however, no excuse for refraining from tackling the poverty trap, which is in any case desirable to do for its own sake. The origins of the trap are straightforward enough. It arises (a) first and foremost from the fall in tax thresholds well below the poverty line identified for supplementary benefits; (b) from the joint operation of several uncoordinated means tests; (c) from the anomalous calculation of some benefits such as Family Income Supplement or rent rebates (but not Supplementary Benefits or free prescriptions and school meals) on income before tax and (d) the non-taxation of unemployment (and sickness) benefits.

The clear policy conclusion is that top priority should be given to raising tax thresholds and to increasing child benefits rather than to reducing the basic rate of income rate. (If the presentational aspect worries the Chancellor he can always say that his concessions are in revenue terms the "equivalent" of so much off the basic rate).

A reduced rate band would be better than a straight reduction of the basic rate, but less effective in tackling the poverty trap than an increase in thresholds. It is moreover staggeringly expensive. A reduced rate band covering only the first £1,000 of taxable income and at as high a rate as 25 per cent. would cost over £2bn. in 1978-9. Moreover a two-tier income tax would make it more difficult to move towards an expenditure tax or many of the other long-term reforms discussed by the Meade Committee, whose report is to be published next week.

The incentive case for increases in child benefits, over and above the increase to £2.30 per child already promised for April, is more subtle. The larger the sums available to a family as of right, the less need there is of means-tested benefits, or of conditional payments such as unemployment pay to supplement them, and therefore the lower the poverty surtax on additional earnings. This is one argument for a general and unconditional social dividend or tax credit. One element of such a dividend or credit is already in existence in the case of child benefits

Child benefits could be raised to nearly £4 a week at a fiscal cost of not much more than £1bn. Increases here are about the most effective method available of alleviating family poverty as well as of reducing work disincentives in a humanitarian way — a happy coincidence of sometimes conflicting requirements. The raising of tax thresholds and increasing child allowances would automatically reduce the call on means-tested benefits; and the higher tax thresholds would reduce the quantitative importance of the non-taxation of benefits. So great are the potential gains both humanitarian and in efficiency, that it would be worth indexing the specific duties to take account of past inflation and going slow on other Government spending so that the Chancellor has £2bn. to £3bn. available for the suggested changes.

Where is the snag? Why are the objectives of redistribution and relief of poverty on the one hand and improvement of work incentives on the other, in such seemingly miraculous harmony instead of the usual tension? The superficial answer is because the Chancellor has something to "give away." But this will not really do. A change in the tax and benefit structure ought to be presented on the basis of nil revenue costs, if we want to assess the relative effect on different taxpayers and not muddle structural change, with a general scaling down of everyone's tax bill.

The fundamental fault of the personal tax and social security tax structure is that the marginal levies on additional income are very high at the bottom and top alike, but comparatively moderate in the middle. This is most perverse. For the high marginal rates at the extremes affect comparatively few people and thus make little contribution to revenue available either for redistribution or general Government purposes. On the other hand the rates are lowest over the broad middle band, where the largest mass of income is to be found and where the disincentive effects are most dubious.

But, in T. S. Eliot's words, human kind cannot bear too much reality. An increase of two, three or four points in the basic rate to reduce marginal rates at the bottom and the top could provoke a political explosion. It would be too open a flouting of "Director's Law," which states that redistribution in a democracy is from both the poor and the rich to those in between. Structural changes which would not have a hope if they required an increase in the basic rate, have a better chance if they merely required passing over an opportunity to reduce it. Nevertheless the temptation to waste a rare fiscal opportunity on headline catching basic rate reductions, or on a reduced rate band, will still be there is a pre-election period.

Samuel Brittan

THE POVERTY AND EMPLOYMENT SURTAX

MARRIED COUPLE WITH TWO CHILDREN AGED 4 AND 6:
RENT £5.60, RATES £2.20, WORK EXPENSES £2.00, CHILD BENEFIT £2.50

Employed

Normal earnings £	Tax £	N.I. £	FIS £	Rent rebate £	Rate rebate £	Free school meals £	Free welfare milk £	Net weekly spending power £	Marginal tax %
25	—	1.44	10.50	5.60	2.16	1.25	0.81	36.58	62.5
35	—	2.01	6.40	4.50	1.68	1.25	0.81	40.33	105.8
45	3.39	2.59	1.40	3.28	1.29	1.25	0.81	39.75	81.5
55	6.79	3.16	—	1.82	0.78	1.25	—	41.60	64.0
65	10.19	3.74	—	—	0.18	1.25	—	45.20	54.8
75	13.59	4.31	—	—	—	—	—	49.80	39.8
85	16.99	4.89	—	—	—	—	—	55.82	39.8
95	20.39	5.46	—	—	—	—	—	61.85	39.8
105	23.79	6.04	—	—	—	—	—	67.87	—

Unemployed (weeks 3-28)

Normal earnings £	U.B. £	FIS £	Rent rebate £	Rate rebate £	Free school meals £	Free welfare milk £	Net weekly spending power £	Gain from working £
25	30.30	10.50	4.65	1.73	1.25	0.81	43.94	—
35	30.30	6.40	5.60	2.06	1.25	0.81	41.12	—
45	32.62	1.40	5.60	2.20	1.25	0.81	38.58	—
55	39.17	—	5.06	1.86	1.25	—	42.04	—
65	40.45	—	4.74	1.76	1.25	—	42.90	2.30
75	41.73	—	4.42	1.66	1.25	—	43.76	6.04
85	42.48	—	4.23	1.60	1.25	—	44.26	11.50

Figures above the line show the benefits an unemployed person loses on taking a job.

Source: Hansard, November 22, 1977, Col. 658

Letters to the Editor

British Steel losses

om Mr. A. Finlay.

Sir,—The arguments that take ice daily in the columns of ur newspaper concerning itish Steel Corporation are nost irrelevant. I do not lieve that anything substantial going to be done to the lustry before a General Elec- n, whether it takes place this ar or next, and the extent to ich the industry is to be rid loss-making plant and surplus oour will be dictated by litical and not economic ex- diency. Any redundancies or int closures that occur over next two years will probably voluntary agreements at a gh cost to the taxpayer. The ses that might have otherwise en incurred however, would obably be larger.

Let us hope that the next vernment will return to the ivate sector the economically able divisions of the steel dustry, and make any redun- ncies and plant closures that e necessary to stop the ormous losses that are being curred to the taxpayers' detri- ent.

Finlay.
. Foscote Road, Hendon, N.W.4.

Stringency and spending

om Mr. K. McKelvey.

Sir, — But for the brief inter- de of North Sea oil (and, more portant, when that interlude s passed) could we hope for ything but disaster when a nior Treasury Minister can ite (in "Public Finance and ccountancy," January 1978) ese undoubtedly sincere words: t a time of national stringency d recession, when most people ve had to accept a reduction in indards, the Government has en remarkably successful in otecting public spending pro- ammes."

If a paraphrase is permitted: The real income which we have lowed you to spend has fallen. t we've maintained the level your real income which we cide how to spend."

Good for Mr. Barnett. "With iends like this. . . ."

Muir McKelvey.
, Greville Drive,
lgbaston, Birmingham.

Actuarial jargon

om the Managing Director, rris Graham and Partners.

Sir,—Mr. Nottage touches on t another exceedingly raw rve in his letter of January 17 ien he suggests that actuarial luations of pension funds ould be carried out on more an one set of actuarial assump- ons.

For too long the whole area actuarial work in relation to nsion funds has been carried it behind an unnecessary veil mystery. The actuarial practi- oners have surrounded them- lves by a wall of technical rgon which financial directors d pension fund trustees have it really bothered to penetrate. An actuary is not gifted with ecial powers of foresight as r as selecting actuarial sumptions is concerned though he is trained to assess e implications of the assump- ons and, through experience, evelops his professional judg- ent in this area.

It is surprising that actuaries ave been able to get away with single answer" pension fund aluations for so long and this, ı fact, raises very serious ques- ons about the way actuarial ork is performed in the U.K.

A prime example relates to the way in which the contracting-out issue was handled by many actuaries. The particular area in which actuaries have special training is in financial analysis, yet how often did actuaries advise their clients on the real financial aspects of this issue? How often did they compare the costs of contracting-in (and cutting back plan benefits) with the contracting-out alternative? How ofen did they both explain that the analysis of this issue depends on future experience and also present their clients with appropriate figures (on "realistic," "optimistic" and "pessimistic" assumptions) to enable them to make a rational assessment of the alternatives?

Regrettably, these things have rarely been done, which means that financial directors have been unable to control the financing of their pension plans, or bring pensions costs properly within the scope of their financial planning systems.

Michael D. Evans.
30, Queen Anne's Gate,
Westminster, S.W.1.

Energy saving

From Mr. J. Lockwood

Sir,—I have read with interest recent ideas on energy saving put forward in your column, but the country will get nowhere until it has some form of basic energy policy.

Being a mere layman may I be allowed to put my views alongside those of the experts and suggest a five-year plan, as follows: all power stations of the CGB and large industrial complexes to be phased off natural gas and fuel oil—these will then be coal-fired; cease the supply of diesel units to British Rail, electrify, and feed with electricity generated from coal, under subsidy if necessary; use natural gas in all processes where the production under manufacture is in direct contact with the product of combustion and in processes needing sensitive control of temperature; direct all steam-raising plant in the middle range to cease burning natural gas and to be given the alternative of coal or oil as a fuel.

My suggestions are based on survival and conservation and not economics but in the knowledge that Government can well afford to subsidise charges out of North Sea revenue.

I also realise that to ask great dependence on coal brings forward the need of more confidence from the coal mining industry but in the knowledge that power stations operate on small grade coal further mechanisation of the mines could take place.

It is fully appreciated that my suggestions raise several important and indeed controversial facts but what will our grandchildren say of us on learning we poured all our (and indeed their) premium fuel of natural gas into steam-raising plant, I wonder? So for heaven's sake let's start somewhere.

J. R. Lockwood.
23, Dunsmore Drive,
Salendine Nook, Huddersfield.

The debate on mergers

From Drs. Gay and Geoff Meeks.

Sir,—In their further contribution to the debate on mergers (January 7) Clive Adamson and Cliff Pratten (A and P) remain unpersuaded of the case for moving to a more restrictive merger policy. But still their reasons for wanting existing policy to be preserved seem to us to be mistaken.

Many of the points in their letter share the property of leaving the case for changing the policy intact, contradicting neither the conclusions of our article (December 30) nor those of the book "Disappointing Marriage: A Study of the Gains from Merger" (DM). Chief among these points are the following:

One can never know for sure what would have happened to the participants' profitability in the absence of merger: we agree. International competition has been increasing in recent years: we agree. (But regardless of this, merger in an industry makes competition less than it would otherwise have been.) Companies may time takeover to coincide with rising profitability: we agree this is possible, and perhaps likely. (But this is very different from timing a merger to precede an imminent decline in profitability).

The rising trend reported by DM for profitability before merger, and referred to in our article, relates to victim and acquirer pooled, excluding outliers, and to a short period only: this is true. (But there was no intention to substantiate a claim about pre-merger profitability trends in general: the key point about the time-profile of profitability described was that different company pairs would experience it at different dates, according to their year of merger, and hence that A and P's inferences from DM of overall trends for the group of merging companies were invalid. Incidentally, the general effect of including outliers would be to strengthen DM's results on profitability decline after merger.

Systematic factors other than merger may have operated over the study period to affect the profitability trend of particular subsets of companies. (But as we explained on December 30 DM does not claim that there was a downward trend in profitability for merging companies as a group; so alternative explanations of supposed downward trend — this is where A and P seek to bring their evidence to bear — are beside the point.) Largest is not synonymous with larger: no. (But we did not confuse the two.)

Fortunately (A and P's word), managers and capitalists will have learned from past experience and will make a better job of assessing future mergers: this is possible. (But even if their assessment were now more accurate and even if enhanced profitability were their sole aim, managers might sometimes still go ahead with mergers where Government would rule against — for instance, if large profit gains were to be had from exploiting a stronger monopoly position while efficiency would not be improved.)

We maintain, then, that these points leave the case for a shift in policy unscathed. On three further points, we contend that A and P are incorrect.

The group of merger-intensive companies is excluded from DM's analysis, so that there is a bias towards unsuccessful mergers: this is not so. No such exclusion is implied by the restrictions placed on the record of intensive acquirers in the study and explained in our article (but mis-stated by A and P). Moreover, even if merger-intensive acquirers *had* been excluded, their experience had already been examined in other academic research which supports DM's general conclusion. DM is cavalier in its treatment of possible bias arising from acquirers' methods of asset valuation: surely not.

It is naive to expect the Government to vet mergers with any competence: we dispute this. (If managers are able to gain the knowledge that a merger will contribute to efficiency as A and P appear to allow, what is there to prevent them from imparting it to Government?)

Dr. Gay Meeks.
Dr. Geoff Meeks.
Department of Applied Economics,
University of Cambridge,
Sidgwick Avenue, Cambridge.

Timber v. brick

From the Deputy Director, Timber Research and Development Association.

Sir,—The correspondence on energy saving in housing which was initiated on broad principles by my director in your issue of December 15 and on which the brick and timber industries were in agreement (see the letter from the director, Brick Development Association, on December 20) has now progressed to the stage where point scoring is the order of the day. I must therefore take issue with Mr. G. D. Brown.

Brickwork stores heat and it also stores cold. Timber frame normally achieves a higher thermal insulation level. In practical terms this means that a timber frame house warms up quicker for a given energy input.

These are the kind of points which can be argued indefinitely —in the end the market place will decide them and the supporters of timber frame are sure enough of the logic and cost effectiveness of the system to await the outcome with confidence. What is required is a stricter thermal insulation standard in building regulations so that we do not continue to build inadequately insulated homes. Once the standard has been set then economics will decide the building method which meets it best.

H. Richardson,
Stocking Lane,
Hughenden Valley,
High Wycombe,
Buckinghamshire.

Taxes on earnings

From Mr. P. Clifton

Sir,—The Chancellor of the Exchequer is reported to be contemplating an April budget which would include some alleviation of taxation. He might do well to review the harsh earnings rule under which the old age pension is progressively reduced or eliminated to those of pensionable age who continue in some form of gainful employment — usually in order to counter-balance the ravages of inflation on their hard earned private pensions.

The old age pension has normally been fully paid for, whether the prospective pensioner retires or continues working, and is therefore an entitlement. In any case, if the earnings rule were abolished, the Exchequer would still get its pound of flesh by the normal process of taxing gross income. But to penalise those who continue to work after the statutory pension age is not only discriminatory but also manifestly unfair.

If it is acceptable for Government employees to retire on fully indexed pensions and then continue in gainful employment elsewhere, then surely it is reasonable for pensioners in the private sector to supplement their unindexed private pensions without penalty. Indeed, one wonders why social security assistance is granted free of all tax while the State pension is discretionary and taxable.

P. A. Clifton.
48, Roehampton Close, S.W.15.

To-day's Events

GENERAL

Israeli-Egyptian talks continue, Jerusalem.

Confederation of Shipbuilding and Engineering Unions pay talks resume, Tothill Street, S.W.1.

M. Raymond Barre, French Prime Minister, heads delegation of Ministers and industrialists on visit to China.

City of London Court of Common Council expected to vote on lottery to raise extra finance for public services.

Mr. John Fraser, Minister for State for Prices and Consumer Protection, addresses London Chamber of Commerce seminar on Product Liability Insurance, 54, Lombard Street, E.C.3.

Sir Douglas Allen, recently created a Life Peer, gives Stockton Lecture on Developing Structure of U.K. Government, London Business School, N.W.1.

Publication of interim action committee's first report on the appropriate constitution and operating role of a British Film Authority.

Confederation of British Industry overseas committee meets.

Cardinal Basil Hume, Archbishop of Westminster, at Foreign Press Association luncheon, 11, Carlton House Terrace, S.W.1.

Security and co-operation in Europe conference of 39 nations continues, Belgrade.

European Parliament in session, Luxembourg.

Sir Peter Vanneck, Lord Mayor of London, attends special service at St. Lawrence Jewry-Next-Guildhall before presiding at Court of Common Council.

PARLIAMENTARY BUSINESS

House of Commons: Transport Bill, second reading. Participation Agreements Bill, remaining stages.

House of Lords: Judicature (Northern Ireland) Bill, second reading. Education (Northern Ireland) Bill, committee stage.

Select Committee: Defence of External Affairs sub-committee. Subject: CPRS (Think Tank) Review of Overseas Representation. Witness: Sir Kenneth Berrill, CPRS (Room 16, 3 p.m.).

OFFICIAL STATISTICS

U.K. banks' assets and liabilities and the money stock (mid-December). London dollar and sterling certificates of deposit (mid-December). Consumers' expenditure (fourth quarter—first prelim. estimate).

COMPANY RESULT

Dixon's Photographic (half-year).

COMPANY MEETING

United Wire, Edinburgh, 12.

LUNCHTIME MUSIC

All Hallows-by-the-Tower, organ recital, 12.15 p.m. and 1.15 p.m. St. Paul's Cathedral, organ recital, 12.30 p.m. Church of the Holy Sepulchre, recorded music, Mozart and Dvorak, 1.15 p.m. St. Mary-at-Hill, organ recital, 1.15 p.m.

COMPANY NEWS + COMMENT

Allied Retailers ahead £0.4m. at midway

AFTER A REDUCED transfer to the unrealised gross profit reserve of £82,916 compared with £400,357 last time, taxable profit of carpet and furniture retailers, Allied Retailers climbed from £1.2m. to £1.61m. in the 28 weeks to October 15, 1977.

Directors say that since December there has been a substantial increase in the level of business and for the full year they expect a satisfactory increase over last year's record £3.7m. profit.

In view of the group's substantial expansion programme the Board expects a dramatic improvement for 1978-79 provided general consumer demand continues.

In the six months they say turnover and profit increased despite continued depressed consumer demand. Turnover totalled £30.82m. (£25.17m.) and the result is subject to tax of £0.87m. (£0.65m.)

Retained profit comes out at £500,431 against £413,254 and earnings per 10p share are shown ahead from 7.09p to 8.59p.

The interim dividend is stepped up from 1.8p to 2.9p on capital increased by a one-for-ten rights issue. The total permitted for the year is 8.712p per share. Last year's final of 6.0923p was paid on the increased capital.

● comment

Allied Retailers' turnover rose 22½ per cent. during a period when consumer durable volume sales fell by 2½ per cent. Operating profits are up 5½ per cent. compared with Courts (Furnishers) fall of a third, but the latter has not been helped by its heavy overseas involvement while Allied's discount operation is better suited to ride out a slump in consumer spending. The carpets side appears to have outperformed the Williams' furnishing business and the group should have increased its share of a depressed carpets market. An 80 per cent. fall in unrealised profits largely reflects the thin time that furnishing generally has been having since this side generates more H.P. business. All group business may have been a little flat in the third quarter, compared with the buoyant period of a year ago but comparisons should work in the group's favour over the final quarter and full year pre-tax profits may be around £4m. (£3.7m.). Since its dividend-boosting rights issue in June, Allied's share price has outperformed the stores sector by 35 per cent. and at 185p yesterday the shares yield 7.2 per cent. on a prospective p/e of 8 (fully taxed on average capital). Meanwhile Allied's recent expansion programme should help the group when the next upturn in consumer spending comes.

HIGHLIGHTS

Magnet and Southern has turned in a better than average performance in the timber sector reflecting their extensive retail interests which offset the problems in wholesale selling. Lex also takes a look at Courtaulds where there are signs that profits for the year to March will be substantially below market expectations. Results from both Heron and Henlys confirm the very favourable conditions apparent in the motor distributor sector. Allied Retailers has achieved a 22 per cent. sales gain in a very depressed period for consumer durables but the 11 per cent. rise from Anglia TV was a bit disappointing, although the bulk of the profits increase did stem from TV contracting which is subject to a 66.7 per cent. levy charge.

T. French turns in £1.27m.

MAKERS OF curtain styling and electric surface heating products Thomas French and Sons reports a depressed final quarter profit of £0.13m. resulting in £1.27m. pre-tax for the 15 months to October 1, 1977, compared with £1m. for the 12 months to July 3, 1976. Turnover amounted to £13.62m. against £9.81m.

Mr. T. J. French, chairman, says that he is more optimistic about the climate in which the group will be trading this year and although he does not expect improvement to be substantial, he confidently anticipates an increased profit in the current year.

Stated earnings are 16.7p (13.8p) per 10p share and a final dividend of 0.94p makes a total for the period of 3.19p (2.29p) net, costing £119,625 (£85,875).

The chairman reports that profits were hit in the final quarter by exceptional items, the chief of which related to the closure of the group's Londonderry factory costing approximately £100,000. Adjustments in the audited accounts of overseas subsidiaries also significantly affected the profits for the three-month period. Individually none of these was extraordinary or of any consequence and in all other respects, states Mr. French, trading in the final three months was in line with budget.

	15 mths. 1976-77 £	12 mths. 1975-76 £
Turnover	13,621,194	9,812,342
Trading profit	1,251,515	1,015,795
Share of assocs.	*18,517	†11,503
Profit before tax	1,270,032	1,004,292
Tax	644,717	487,507
Net profit	625,315	516,785
Minority profit	90	†445
Extra-ord. debit	19,000	—
Available	606,205	517,230

* Profit. † Loss.

Throughout the period the economies of most of the countries comprising the group's main business were depressed and demand was accordingly relatively subdued, particularly so in South Africa he adds. Conditions in the U.K. were not much more favourable but on the brighter side the New Zealand subsidiary produced an outstanding performance, almost doubling in 15 months the profit of the previous year.

Countryside Props. ahead to £0.24m.

HOUSEBUILDERS Countryside Properties reports a rise in pre-tax profits to £243,000 for the 15 months to September 30, 1977, against £60,000 for the previous year and a loss of £1.3m. for the 1974-75 year. Turnover for the period was £9.1m. compared with £6.81m. Results would have been better, the directors say, but for the abnormal weather and exceptionally high interest rates in the autumn of 1976.

Profits were also adversely affected by considerable costs, due to the failure of some of the building contractors which the company employs. This problem will not recur as the group's own construction division is now undertaking the majority of group building work, the directors state.

The current level of trading is encouraging, they say, and the group's forward reservations for new house sales are well up on the past few years. A further significant increase in profits is expected in the current year.

Stated earnings per 5p share are 3.5p for the 15 months compared with 0.9p and the dividend is lifted to 1.485p (0.1625p) with a 1.3225p net final. Mr. S. Bobroff, the chairman, and his deputy, Mr. A. H. Cherry, have waived the final dividend on 2,604,363 shares.

The company has decided to adopt the principles of ED 19. As a result of stock increase relief, £5.4m. is available to offset future corporation tax liabilities.

Land stocks currently held are sufficient for the next two to three years' requirements, which the directors feel is a particular advantage in view of the building land shortage now seen.

	15 mths. 1977 £000	Year 1976 £000
Turnover	9,095	6,814
Trading profit	1,237	936
Interest payable	994	876
Profit before tax	243	60
Tax	32	5
Net profit	211	55
Dividends	55	10
Retained	156	45

Upsurge by Heron Motor

SALES FOR the six months to September 30, 1977, at Heron Motor Group expanded from £51.1m. to £62.98m. and pre-tax profits advanced from £813,000 to £1.43m. after interest of £621,000 against £573,000.

The directors say that since the half year end, trading has continued at a favourable level and they expect that profits for the year as a whole will show a considerable increase on last year's £2.02m.

After tax of £0.76m. against £0.44m. first-half earnings are shown to have risen from 2.78p to 5.02p per 25p share and the interim dividend is lifted from 1.55p to 1.7p net. Last year's final payment was 1.63p.

The Edinburgh based group, which is controlled by Heron Corporation, is engaged in car and commercial vehicle distribution and related garage operations.

● comment

Heron Group's pre-tax profits are 75 per cent. up at £1.4m. at the half-way stage on a turnover which increased by almost a quarter to £63m. Apart from generally favourable trading conditions Heron has benefited from the great fleet leasing boom which is now going on. Leased vehicles accounted for about 20 per cent. of the group's business in the six months, but the proportion is growing fast. Like Henlys, Heron's reports that the current outlook for business remains firm. The company is forecasting a considerable increase in full-year results; and since the second half is usually by far the best period another doubling of profits from last year's £2m. may be attainable. At 98p the shares are on a prospective yield of 5.4 per cent.

Ashley Ashwood

Mr. Gordon Chandler, chairman of Henlys, who yesterday reported profits more than doubled at £4.32m. for 1976-77 (see Page 25).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Group Investors	0.72	Mar. 6	0.65	—	1.7
Allied Retailers int.	2.9†	Apr. 7	1.8	—	7.89
Anglia TV	2.3	May 2	2.06*	4.18	3.74*
Bank Leumi	4.68	Feb. 17	4.57	7.36	7.25
Crouch Group int.	0.91	May 1	0.89	—	2.72
Heron Motor int.	1.7	Mar. 31	1.55	—	3.18
Countryside Props.	1.32	Apr. 6	0.16	1.49‡	0.16
Stock Conversion int.	0.99	Mar. 31	0.81	—	1.8
Scot. American Inv.	1.7	Mar. 23	1.35	2.5	1.95
Thos. French	0.94	—	1.29	3.19‡	2.29§
Lookers	1.55	Apr. 28	1.38	2.46	2.22
Assocd. Tooling int.	1.1	Feb. 24	1.1	—	2.29
Gopeng Consd. 3rd int.	4.5	Apr. 3	3.5	15	13
Henlys	4.59¶	Apr. 6	4.15	6.59	5.9
Idris Hydraulic 2nd int.	4.5	Mar. 13	3	—	9
Magnet & Southerns int.	3.5	Apr. 3	3	—	8
U.S. & Genl. Trust	4.34	Mar. 9	3.31	5.94	4.94

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ For 15 months. § For 12 months. ¶ Supplementary 0.0639p for 1975-76.

Crouch down halfway but sees recovery

On turnover of £4.71m. against £5.06m. pre-tax profit of Crouch Group fell from £273,400 to £259,200 for the half year to September 30, 1977.

The directors explain that difficulties encountered in the building industry did not ease during the period but they are more optimistic about prospects for a recovery.

They are in the final stages of negotiating for the purchase of various prime sites in the South of England for residential development, and they anticipate that trading results for the full year will be slightly better than for 1976-77, when profits fell from £607,000 to £406,000.

The interim dividend is increased to 0.9075p (0.89375p) net per 25p share — last year's final was 1.82875p.

Tax took £129,800 (£142,200) leaving a net profit of £129,400 against £131,200.

The effect of the expected increase in demand for houses, together with Government assistance in the public sector, will not be felt until later in 1978, the directors state.

A professional revaluation of the company's properties is being made, and is expected to show a substantial surplus over book value.

Mr. R. E. Aris has retired as chairman, being succeeded by Mr. W. F. Lyons.

North Midland Construction optimistic

Mr. T. G. Moyle, the chairman of North Midland Construction, tells members in his annual statement that it would be rash to imagine that the company can quickly regain the 1975-76 level of results when pre-tax profits came to £192,203.

However, he says that the civil engineering subsidiary has a larger order book than at this time last year and looks to an increased profit, and Nottingham Plant Hire should continue its modest growth. He adds that despite adversity the group remains financially sound.

As reported on December 20, North Midland incurred a pre-tax loss of £84,658 for the year to August 31, 1977, on lower turnover of £3.4m (£3.6m.). The dividend total is held at 1.1p net per 10p share.

Mr. Moyle reports that the setback was caused by inclement weather and the cut-back in Post Office expenditure.

This was further aggravated by exceptionally high costs of reinstatement of road surfaces, particularly with contracts where local authorities had elected to carry out the work themselves. In many cases provisions made to cover such costs—sometimes made several years earlier—turned out to be inadequate when the work was eventually done and charged to the company at prices far in excess of those prevailing at the time of tender. This liability has been drastically curtailed.

Mr. Moyle warns that other companies, like North Midland, have adopted policies as a result of which, should the Post Office revert to more normal levels of demand, "they may search in vain for competent contractors able to achieve acceptable standards."

The civil engineering subsidiary completed work largely on major drainage schemes and reinforced concrete structures to a value of approximately £350,000 in excess of the previous year; but much increased operating costs and general pressure on margins resulted in a lower pre-tax profit of £67,742 against £109,127.

Nottingham Plant Hire, which has lain dormant since 1971, was resurrected during the year to trade in and hire pneumatic and hydraulic equipment. In its first year it made a small pre-tax profit.

A statement of source and application of funds shows a decrease in cash resources of £153,048 (£67,227 increase).

Aberdeen Construction

Planning permission in principle has been received by Aberdeen Construction Group to proceed with the first 100,000 sq. ft. of a proposed 300,000 sq. ft. prestige office development in Aberdeen.

The overall cost of the project is estimated at £8m. The development is on a 10-acre site owned by Aberdeen Construction at Hill of Rubislaw.

Anglia TV hit by Exchequer levy

PRE-TAX PROFITS for the year ended October 31, 1977, of Anglia Television Group improved from £2.41m. to £2.67m. struck after Exchequer levy almost doubled from £1.17m. to £2.32m. At mid-way, a surplus up £0.35m. at £1.3m. was recorded.

Full-year turnover was higher at £13.76m. (£12.14m.) and profit was subject to tax of £1.42m. (£1.27m.). Stated earnings increased from an adjusted 11.76p to 13.38p per 25p share, while the total dividend is lifted to 4.17652p (3.739p equivalent) net, with a 2.30329p final.

Advertising revenue was buoyant throughout the year with the group increasing its network share, state the directors. Programme sales overseas again made a significant contribution to the group's turnover, with the Survival series maintaing its worldwide appeal.

In the current year advertising revenue continues to improve but bookings remain short term and forecasting is difficult they say. The effect of the levy on any increase in U.K. television profits highlights the importance of finding other sources of revenue and increasing overseas programme sales, and the re-organisation of this area of the company's activities in partnership with Trident Television. J. Walter Thompson Company augurs well for the future.

Despite the high level of levy and taxation charges, which have accounted for 74.6 per cent. of trading profits, the directors have confidence in the future and are continuing the investment programme by enlarging and re-equipping studio and technical facilities in Norwich.

	1976-77 £000	1975-76 £000
Turnover	13,761	12,144
Depreciation, etc.	458	325
Profit	5,015	3,380
Exchequer levy*	2,322	1,179
Share of assoc.	30	—
Pre-tax profit	2,673	2,418
Tax	1,421	1,269
Net profit	1,252	1,142
Extraord. debit†	6	‡172
Minority interests	73	107
Attributable	1,171	1,207
Interim dividend	105	148
Proposed final	263	181
Retained	803	878

* Comprises provision in respect of current year of £2,216,000 (£1,158,000) and adjustment in respect of previous year £106,000 (£12,000). † On realisation of investments. ‡ Credit.

● comment

Anglia's 11 per cent. rise in pre-tax profits disappointed a market which had been expecting something comparable to the increases seen recently from other TV contractors. A profits increase of 40 per cent. would have been more acceptable, and pre-levy [illegible] is exactly what Anglia achieved. The point is that [illegible] proportion of profits paid on levy jumped from 33 per cent. [illegible] 46 per cent. The reason for [illegible] is that all of the £1¼m. pre[illegible] increase came from TV contract[illegible]ing where profits are eligible [illegible] a 66.7 per cent. levy charge. He[illegible] the £1m. or so increase in the [illegible] and the disproportionate effec[illegible] the pre-tax stage. Non-contrac[illegible] profits, basically from over[illegible] programme sales, eased to un[illegible] £400,000, but the tie-up [illegible] Trident could give a boost [illegible] overseas programme sales in [illegible] the profits from which are [illegible] of levy. Meanwhile advertis[illegible] revenue remains buoyant [illegible] the good increase in the ye[illegible] last October—Anglia's turn[illegible] went up 30 per cent. comp[illegible] with an increase in advert[illegible] revenue for the industry o[illegible] per cent. The levy has cre[illegible] off the best part of Anglia's [illegible] profit rise, yet the underly[illegible] trend is no worse than aver[illegible] and after yesterday's 6p fa[illegible] 82p where the p/e is 6 and [illegible] is 7.9 per cent. any further do[illegible]ward reaction is unlikely.

Advance b[illegible] Walter Alexander

WITH INCREASES from trading operations, pre-tax pr[illegible] of coachbuilders, etc., Wa[illegible] Alexander rose by 24 per c[illegible] from £808,000 to £1,004,000 for six months to September 30, 1[illegible] on turnover ahead from £10.[illegible] to £13.15m.

Results for the early part [illegible] the second half are in line w[illegible] budget, say the directors and th[illegible] are confident that profits will [illegible] least equal the £1,137,000 achie[illegible] in the comparable period last ye[illegible]

The interim dividend is 2.1[illegible] per 10p share (1.925p) payab[illegible] on April 6. Earnings are sho[illegible] at 6.7p (5.32p).

	Six months 1977 £000	1976 £000
Turnover	13,149	10,467
Profit	864	741
From assoc.	140	67
Pre-tax profit	1,004	808
Tax	522	420
Net profit	482	388
To minorities	59	52
Attributable	423	336
Dividends	134	122
Leaving	289	218

Scottish American assets reach 106.5p per share

Scottish American Investment, recently the subject of much interest because of its 6.12 per cent. stake in the North Sea Block, 211/2, where BP abandoned exploration drilling earlier this week, came out yesterday with its figures for the year to end-December.

Over half of the trust's portfolio is invested overseas, and dividend increases on these investments have been high enough to boost gross income by almost 16 per cent. to £3.59m., while income at the attributable level has risen by 32 per cent. to £1.46m. In consequence the directors have been able to lift their own dividend payments by 28 per cent., to £3.79p a share gross. At this level the shares—which fell by 2½p to 80½p yesterday on disappointment at the news on Block 211/2—yield just over 4.7 per cent.

In fact the stake in Enjay Holdings through which Scottish American holds its investment in Block 211/2 was valued in its 1976 balance sheet at only £21,000. BP financed all the exploration costs, and the value of the stake is unlikely to have been increased. The trust's end-year assets were £59.5m.

Over the year, in fact, net assets per share increased from 78.4p to 106.5p, with a strong performance in the U.K.—where the value of the quoted equity portfolio rose by 66.9 per cent., against a rise of 36.8 per cent. in the FT Ordinary index—complemented by 14 per cent. increase in dollar terms in the U.S. A policy of investing in regional and special shares there enabled the group [illegible] miss the 17.3 per cent. fall in the Dow Jones.

Half-way through the year Stewart Fund Managers, which looks after Scottish American's investment policy, decided on [illegible] switch from financing the U.S. investments—which still comprise some 39 per cent. of its portfolio—through the dollar premium, [illegible] a policy of financing them through loans. However, the extent [illegible] which the group has benefited from this policy is, for the moment, unquantifiable.

Recent rumours notwithstanding, the company has had [illegible] approaches from possible p[illegible]dators.

SENA SUGAR

The meeting of the holders [illegible] the Sena Sugar Estates 8½ p[illegible] cent. Second Debenture Sto[illegible] 1987/92 approved by the resol[illegible]tion sanctioning the scheme [illegible] arrangement under which th[illegible] whole of the £406,681 of the sto[illegible] at present outstanding should [illegible] acquired by Sena's wholly-own[illegible] subsidiary, Sociedade Industr[illegible] do Ultramar, SARL, at £63 p[illegible] £10 nominal.

هكذا من الأصل

Henlys on target at £4.3m. and going ahead

...OND HALF profits of motor dealers Henlys rose from ...n. to £2.64m. resulting in a ... for the full year to September 30, 1977, from £1.9m. to a ... £4.32m. pre-tax in line with ...orecast made in December.

...directors state that the ...nt year has opened on a firm ... with first quarter management figures showing profit ahead ...e corresponding period of ...7.

...nover for the year excluding car tax and VAT, expanded ...30.2m. (£129.3m.) and profit subject to tax of £1.4m. ...m.). Stated earnings per ...hare increased fom 13.5p to ... and a net final dividend of ...p raises the total to 6.5906p ...7p), with a supplemental ...p to be paid in respect of ...6.

	1976-77	1975-76
	£000	£000
...er*	160,200	129,300
... on disposals	282	180
... profit	5,232	2,627
... paid	910	734
... profit	4,322	1,903
	1,404	428
...dinary credits	95	286
...able	3,013	1,685
...ds	737	654
...d	2,276	1,029

...luding car tax and VAT. ...ted to comply with ED19.

Gordon Chandler, chairman, ...s that the contribution ... by retail vehicle sales ...tments was substantially ... last year reflecting the ...ving supply of certain ...les, notwithstanding the ...e of some low profit operations. Demand for leasing moved ...ly ahead and the vehicle ...g division finished the year ... profits well in advance of ...6.

...inst the subdued tone of the ...uction industry generally, ...onstruction equipment division of the group produced ...ved results. Contributions ... service activities exceeded ... preceding year, but as ...ted in the interim report, ...lties in the supply of parts ... in the year tended to ... in progress in this sector.

...ecourt activities have been ...pally affected by price-...g in the petrol market, but ...sed volume through modern ...rvice operations has been ...ent to maintain contribution at the 1975-76 level.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims—British Electric Traction, Burt Boulton, Continuous Stationery, Dixons Photographic, A. and J. Gelfer, London and Montrose Investment Trust, New Central Witwatersrand Areas, Louis Newmark, Nohon, Peterborough Motors, Provincial Cities Trust, Western Board Mills.

Finals—Abbey Panels, Associated Paper Industries, Corn Exchange, Fluidrive Engineering, Greenfriar Investment, Lincroft Kilgour, Mackinnon of Scotland, Warner Estate, Westinghouse Brake and Signal, Whatlings.

FUTURE DATES

Interims—

Allen (W. G.) (Tipton)	Jan. 24
Gold Fields of South Africa	Jan. 27
Hambro Trust	Jan. 24
Hillards	Feb. 1
Macarthys Pharmaceuticals	Jan. 26
New Witwatersrand Gold	Jan. 23
Vogelstruisbult Metal	Jan. 25

Finals—

Kingside Investment	Jan. 24
Vantage Securities	Jan. 25

Full year profit for Rakusen

Food manufacturers and distributors, and property developers, Rakusen Group turned in pre-tax profits of £27,828 for the year to June 30, 1977, compared with a loss of £178,243. The surplus includes an exceptional £45,502.

At the half-way stage profits stood at £25,800 against £21,200.

Turnover of the food division rose from £970,349 to £1,018,240 but that of the property side fell from £574,307 to £327,735. Interest absorbed £120,865 (£150,363). For 1975-76 there was a release from deferred tax of £82,690 while reorganisation expenses took £31,026.

Again there is no dividend. The last payment was 0.835p net for 1973-74.

Regarding Meanwood Road, the directors state that as no agreement has been reached with the local authority, the group has lodged a case with the Lands Tribunal who acts as arbitrators in these matters. They understand that a hearing date should be available within the next 12 weeks.

The cost of fighting for just compensation for Meanwood Road has had its effect, members are told, but the directors believe the company has a very good claim and hope that 1978 will see an end to this long-standing problem.

Until the claim is settled the group's financial resources continue to be stretched. With the claim settled the directors could concentrate on developing and expanding the company's business, they add.

Associated Tooling sees £0.1m.

Announcing pre-tax profits of £51,682, against £61,379, for the half year to August 31, 1977, the directors of Associated Tooling Industries say that second-half profits should be similar to those of the first. The surplus for all 1976-77 was £72,885.

First-half turnover was just ahead from £705,916 to £713,388. Profits were struck after depreciation of £51,650 (£49,804) and interest of £12,851 (£9,782). Tax absorbs £28,000 against £34,000.

The interim dividend is held at 1.1p net per 25p share. Last year's final was 1.18904p.

The contribution to profits from Tring Engineering and the sheet metal activity of Harris and Tear have in recent months been unsatisfactory and, as the directors have been unable to foresee an improvement sufficient to justify the group's continuing investment in their plant, facilities and working capital, these activities have been terminated and the sale of the surplus assets so arising is in hand.

The group has purchased the freehold of the premises previously let to Tring Engineering, comprising of some 44,000 square feet of factory and office space and negotiations to let this property are at an advanced stage.

The above, coupled with other short-term requirements, have resulted in the group making fuller use of its banking facilities. It is the Board's opinion that such facilities should be adequate for current and foreseeable needs.

Magnet & Southerns little changed at halftime

PRE-TAX profit of Magnet and Southerns was little changed for the half-year to October 31, 1977, at £7.08m. against £7.11m. on turnover of £52.12m. compared with £48.26m.

The directors say that the group benefited from the increase in consumer spending with a noticeable improvement in depot sales over the latter months of the period. Results are not distorted by stock profits, they add. However, some weakness in timber values will develop in the second half arising from the improved value of sterling, and the weakness of currencies of certain of the group's supplying countries.

The directors are confident that this situation, which they say will be only temporary, will be offset by additional sales for home improvements, and a modest increase in new housing activity.

The interim dividend is lifted from 3p to 3.3p net per 25p share absorbing £1.1m. (£0.94m.)—last year's final was 5p paid from profits of £14.4m.

	Six months 1977	1976
	£	£
Turnover	52,122,283	48,258,900
Pre-tax profit	7,088,405	7,112,831
Corporation tax	3,358,242	2,576,845
To equalisation	381,400	885,575
Net profit	3,390,763	3,409,591
Preference dividends	28,091	28,001
Leaving	3,362,672	3,381,590

Pre-tax profit of Magnet Joinery was ahead from £3.4m. to £3.89m. on turnover of £21.4m. against £18.2m. Tax took £1.87m. (£1.24m.) and there was a £152,400 (£540,000) transfer to tax equalisation account.

Southerns-Evans reports taxable profits down from £3.72m. to £3.21m. on turnover ahead at £36.2m. compared with £33.9m. Tax took £1.52m. (£1.58m.) and tax equalisation account £149,000 (£345,575).

See Lex

Mr. Samuel Oxford, chairman of Magnet and Southerns.

Bank Leumi holds £0.22m.

Taxable profit of Bank Leumi (U.K.) declined from £228,741 to £224,370 in the year to December 31, 1977.

A final dividend of 4.68355p takes the total to 7.36355p net per £1 share compared with 7.252p last time, although the gross total is unchanged at 11.157p.

At halfway directors reported that figures were ahead of the previous year with bank business continuing to expand.

Deficit of £38,872 by Albion

Belfast based colthing manufacturers and wholesalers, Albion incurred a loss of £38,872 for the year to September 30, 1977 compared with profits of £109,954, subject to tax of £73,176 against £119,305.

At midway when the deficit was £42,000 compared with a profit of £61,000, the directors said they were looking for an improvement in the trading outcome for the second half.

They now state that it is difficult to forecast the outcome for the current year but sales in the first quarter are up by 37 per cent, and it is hoped that this together with other steps which they are taking will assist in restoring the group to profitability.

The loss attributable to members is £136,674 (£14,873) after extraordinary charges of £23,093 and minorities. Again there is no dividend. The last payments, totalling 2.068p net per 20p share were for 1974-75.

Lookers at peak £1.44m.

ON TURNOVER ahead from £31.82m. to £43.28m., motor vehicle distributors and engineers, Lookers lifted pre-tax profits from £1.16m. to a best ever £1.44m. for the year to September 30, 1977. Profits for 1975-76 included an exceptional credit of £375,000.

At midway, reporting an increase from £264,555 to £606,849, the directors said that record trading profits were in prospect.

After a tax credit of £22,963 (charge £336,200) earnings are shown at 20.3p (12.6p) per 25p share and the dividend is lifted from 2.2212p to 2.4572p net with a final of 1.5497p.

The tax credit has arisen as stock appreciation relief and capital allowances exceed the profit for the year with the effect that there are excess allowances which have been relieved against profits of the previous year.

It is now group policy to provide for deferred tax only to the extent that it is considered a liability that will arise in the foreseeable future.

The implementation of this policy during the year has given rise to a transfer from deferred tax to revenue reserves of £421,387. This amount is not included in the results.

The directors state that the group is continuing to trade satisfactorily in the current year.

Figures for 1976-77 include profits of the newly acquired subsidiary P. Platts and Sons.

Arthur Lee sees first half decline

STEEL GROUP Arthur Lee and Sons does not expect to match last year's £1.03m. half-time profit in the first six months of the latest year, Mr. H. P. Forden, chairman, says in his statement with accounts. But the group has better hopes for the second half.

It would be wrong, he says, to imagine it is now safe to make firm predictions for the future but adds that it would be strange if 1977-78—a year in which a general election must take place or loom closely ahead—did not happen to produce an uplift in business activity and a replenishing of Lee's order books.

There are now a few signs that this is beginning to happen but more will be needed and the timing of the real improvement will be crucial for Lee's next accounts, he says.

"It must however be remembered that the effects of improved trading levels can be financially off-set by a decrease in stock appreciation depending on the course taken by the price of steel—our predominant raw material—in a period when inflation generally is said to be going to diminish."

In the September 30, 1977, year profit of Lee recovered from £1,998,779 to £2,856,880, and Mr. Forden says all operations but the wire rope division improved trading results.

The strip and wire division was aided by some improvements in demand for its higher value products and better utilisation of new plant. The Sundwig mill of the cold rolled strip department played its expected role in attracting and handling business for some of the more demanding forms and gauges of stainless steel strip.

Rope making was affected by technical problems and production disturbances following the installation of new machinery, and when production had settled down demand for wire ropes weakened. There are now however signs of recovery.

Stockholding operations did not match the company's best hopes but the good results from this division are expected to be repeated this year.

A weakening of orders in the final months of the year and industrial disruption reduced Lee Bright Bars' contribution to below target, but Mr. Forden says there have already been some signs of a recovery in domestic demand for bright bars, although exports are minimal.

Management of the 50 per cent. owned Belgian steel stockholder Aciers Alexis has been strengthened after a year which caused concern to Lee.

Accounts show net current assets of the group rose from £13.51m. to £15.85m., and that there was a £0.74m. (£1.31m.) decrease in net liquid funds in the period.

Meeting, Sheffield, February 10 at 12.30 p.m.

U.S. & General

United States and General Trust Corporation lifted 1977 income from £855,035 to £944,253, subject to tax of £358,984, compared with £335,598.

Earnings are shown to be up from 6.033p to 6.85p per 25p share and the dividend total is raised from 4.94p to 5.94p net with a final payment of 4.34p.

The net asset value is given as 240.2p (220p) per share.

	1977	1976
	£	£
Franked inv. income	694,728	644,355
Unfranked inv. income	254,798	229,839
Deposit interest	53,639	72,640
U'writing commission	6,093	4,821
Gross income	1,009,258	951,663
Management expenses	42,851	38,299
Directors fees	4,959	4,000
Superannuatn gratuity	2,500	—
Auditors, trustees' fees	1,993	1,924
Deb. stocks interest	27,733	52,617
Pre-tax income	944,253	855,035
Tax	359,984	335,595
Pref dividend	29,476	29,476
Available for Ord.	554,793	495,961
Ordinary dividend	451,407	400,282

Hanson Trust

Shareholders in Hanson Trust were told by Sir James Hanson, the chairman, at yesterday's annual meeting that the group, which earns the bulk of its profits in North America, would inevitably be affected by the rise in the value of sterling against the U.S. dollar.

Speaking after the meeting, Sir James said that U.K. companies faced a tougher time in 1978 than was generally realised. However, he made it clear last night that these comments should not be taken as an indication that his own group's profits would necessarily be lower.

Orkney's rates rise despite oil terminal

ORKNEY'S RATES will rise significantly more than in the rest of Scotland, Mr. George Marwick, Orkney convener, warned the policy and resources committee of the island's council yesterday.

Increased rateable revenue generated by Occidental's £121m. oil terminal in Flotta, is being nullified pound for pound, he said, by a reduction in resources element grant, so the increase had been of no benefit to Orkney.

The island was faced with a serious financial problem to which only the Government can provide the short-term answer.

The Secretary for Scotland is being asked to take action.

MONEY MARKET

Moderate assistance

...nk of England Minimum ...nding Rate 6½ per cent. (since January 6, 1978)

...terday was the third ...esday in the month, which ...s that it was make-up day ...he London clearing banks. ...probably contributed to the ... overall shortage of day-to-...unds in the money market, ...he tight conditions prevailing ...ghout the day, even though ...et factors indicated a fairly ...day.

...nks brought forward run-... balances, and the authorities held maturing local authority bills. This was roughly balanced by a slight excess of Government disbursements over revenue payments to the Exchequer, and a slight fall in the note circulation.

The authorities gave a moderate amount of assistance by buying a moderate number of Treasury bills from the discount houses, and a small amount of local authority bills.

Discount houses paid 6-6¼ per cent. for secured call loans at the start, and closing balances were taken at 5¾-6¼ per cent.

In the interbank market overnight loans opened at 6⅛-6¼ per cent., and eased to around 6 per cent. at lunch. Rates increased to 7 per cent. in the afternoon, but fell to 4-5 per cent. at the close.

Short-term fixed period interest rates remained firm, with discount houses buying rates for three-month Treasury bills above the trigger point for a further cut in Bank of England Minimum Lending Rate.

Rates in the table below are nominal in some cases.

...n. 18 ...78	Sterling Certificate of deposits	Interbank	Local Authority deposits	Local Auth negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
...ght	—	4-7	—	—	—	6¾	5¾-6½	—	—	—
...notice	—	—	6¼-6½	—	—	—	—	—	—	—
...or ...notice	—	6⅛-6⅜	6¼-6½	—	6⅜-6¾	6⅝	6¼-6⅝	—	—	—
...nth	[illegible]	[illegible]	6⅛-6⅝	6⅞-6	6⅝-6⅞	6¾	6-6¼	[illegible]	[illegible]	6¾-6⅞
...onths	[illegible]	[illegible]	—	6½-6	6½-6¾	—	6-6⅛	[illegible]	[illegible]	6¾
...months	[illegible]	[illegible]	6⅛-6⅜	6½-6	6⅜-6¾	6½	6	[illegible]	[illegible]	6¾
...nths	[illegible]	6½-6[illegible]	6⅜-6⅝	6½-6	6⅝-7	—	—	—	[illegible]-6¼	6¾
...onth	6¾-6⅝	[illegible]	—	7-6½	7¼	—	—	—	—	—
...ar	[illegible]-6¾	7-7⅛	6⅞-7	7⅛-6½	7⅛	—	—	—	—	—
...ars	—	—	7½-8	—	—	—	—	—	—	—

...al authorities and finance houses seven days' notice, others seven days' fixed. * Longer-term local authority mortgage ...nominally three years 9 per cent.: four years 10-10¼ per cent.: five years 10½-10¾ per cent. ♦ Bank bill rates in table are ... rates for prime paper. Buying rate for four-month bank bills 6 5/32-6 5/16 per cent.: four-month trade bills 6⅝ per cent. ...proximate selling rate for one-month Treasury bills 5 11/16-5 23/32 per cent.: two-month 5⅝ per cent.: and three-month 5 25/32 ...t. Approximate selling rate for one-month bank bills 6¼-6 3/16 per cent.: two-month 6 3/32-6⅛ per cent.: and three-month ... per cent. One-month trade bills 6⅞-6¾ per cent.: two-month 6⅞ per cent.: and also three-month 6¾ per cent.

...ance House Base Rates (published by the Finance Houses Association) 6½ per cent. from January 1, 1978. Clearing Deposit Rates (for small sums at seven days' notice) 3 per cent. Clearing Bank Rates for lending 6½ per cent. ...ry Bills: Average tender rates of discount 5.3198 per cent.

CONTRACTS AND TENDERS

APPEL D'OFFRES INTERNATIONAL

CHAMP DE GAZ OFF-SHORE DE MISKAR (TUNISIE)
PLATE-FORME DE FORAGE MSK PF 1
Fourniture des aciers

Le groupe étude Miskar, agissant pour le compte de la future entité responsable de la réalisation du projet de développement du gisement de gaz de Miskar, dans le Golfe de Gabès, lance un appel d'offres en vue de passer commande pour la

FOURNITURE DES ACIERS NECESSAIRES A LA CONSTRUCTION DE LA PLATE-FORME DE FORAGE
TYPE "JACKET" MSK PF 1

Les fabricants d'acier intéressés par cet appel d'offres sont invités à retirer le dossier correspondant à partir du lundi 23 janvier 1978 à l'adresse suivante:

GROUPE ETUDE MISKAR
11 Av. KHEREDDINE PACHA - TUNIS
Télex 12128 TN

et ce, moyennant le paiement d'une somme de cent (100) dinars par dossier, ou de sa contre valeur en devises étrangères.

La date de remise des offres est fixée au lundi 27 février 1978 à 17 heures.

APPEL D'OFFRES INTERNATIONAL

CHAMP DE GAZ OFF-SHORE DE MISKAR (TUNISIE)
Ingénierie des installations de traitement off-shore

Le groupe étude Miskar, agissant pour le compte de la future entité responsable de la réalisation du projet de développement du gisement de gaz de Miskar, dans le Golfe de Gabès, lance un appel d'offres en vue de passer commande pour:

INGENIERIE DES INSTALLATIONS DE TRAITEMENT OFF-SHORE

Les Sociétés d'Ingénierie intéressées par cet appel d'offres sont invitées à retirer le dossier correspondant à partir du mardi 17 janvier 1978 à l'adresse suivante:

GROUPE ETUDE MISKAR
11 Av. KHEREDDINE PACHA - TUNIS
Télex 12128 TN

et ce, moyennant le paiement d'une somme de cent cinquante (150) Dinars Tunisiens par dossier ou de sa contre valeur en devises étrangères.

Les propositions relatives à cet appel d'offres devront parvenir au plus tard le mardi 28 février 1978 à 17 heures

PUBLIC NOTICES

WEST YORKSHIRE METROPOLITAN COUNTY COUNCIL

£8.5m 91 day bills issued 18th January 1978 due 19th April 1978 at 5 49/64%. Applications totalled £82.5m. No other bills outstanding.

CLUBS

ART GALLERIES

MINING NEWS

An extra glister for gold producers

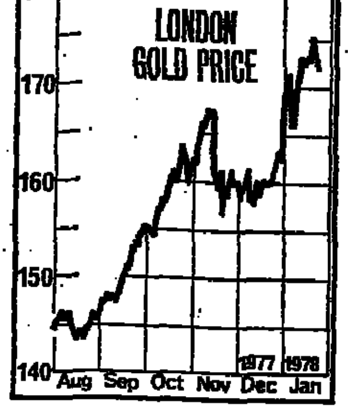
BY KENNETH MARSTON, MINING EDITOR

FURTHER reports for the 1977 December quarter are announced by the South African gold and uranium mines. But the latest, from the General Mining and Union Corporation groups, tell a vital part of the story that has so far been lacking: the question of what prices the mines have received for their gold sales, and why.

The general practice has been to disclose the amount of gold produced by individual mines in terms of kilograms and to show the gross revenue in South African Rands received from sales of gold in the period. In normal times a simple calculation would indicate the U.S. dollar price per ounce of gold obtained for metal sold.

At long last the now go-ahead General Mining and its Union Corporation subsidiary group have broken with stale tradition. General Mining now discloses the price of gold received by its individual mines in the December quarter in terms of U.S. dollars per ounce, the universally recognised standard.

Union Corporation explains why such prices—in excess of $170 per ounce for the industry generally—are so much above the bullion prices obtaining during the period, as our graph shows.



Last week this column suggested that the answer lay in the timing of sales made by the individual mines (gold is sold to the Reserve Bank at the "official" price of $42 per ounce, the difference between this and the much higher price obtained by the bank when the bullion is subsequently sold on the free market, being later returned to the mines) and the premium price of about 3 per cent. obtained by the mines for gold which is minted into Krugerrand one-ounce coins.

Union Corporation has confirmed this view, notably as far as Krugerrands are concerned, pointing out that because of the high level of Krugerrand sales made during the December quarter, premium payments were received in respect of significantly more gold than was produced by the mines. The group has added that in quarters when gold deliveries to the South African Mint exceed Krugerrand sales the mines' revenue per ounce is correspondingly depressed.

The South African gold mining industry, through the Chamber of Mines, is to be congratulated on the very full amount of information that it publishes both quarterly and annually—it is doubtful whether any other world industry is so forthcoming. But there is now a strong case for the mining quarterly reports to include the amount of gold actually sold by the individual mines in the period and the price obtained for it, in dollars per ounce.

Meanwhile, the latest quarterly reports continue the story of higher profits resulting from increased gold prices despite, in most cases, lower production and increased costs. General Mining's Buffelsfontein, which received a price of $170 compared with only $139 in the September quarter, has earned more in the face of milling problems and a sharp fall in the erratic flow of uranium income.

West Rand Consolidated has also suffered from lower sales of uranium in the past quarter while gold production at Stilfontein has been adversely affected by underground fires; working profits at the latter mine, however, have still risen to the point at which there is a debit on State aid account compared with a large credit in the previous three months.

The struggling South Roodepoort, which no longer qualifies for State assistance, warns that its costs will remain relatively high for the rest of the year. The General Mining group's latest quarterly working profits are compared below.

	Dec. qtr. R000	Sept. qtr. R000	June qtr. R000
Buffelsfontein	10,420	11,383	†12,707
S. Roodepoort	*162	*168	*116
Stilfontein	2,709	*1,439	*390
W. Rand Cons.	†1,312	473	1,447

* Loss before State Aid. † Amended.

In the Union Corporation group, gold prices received in the past quarter range from $170.82 in the case of St. Helena to $173.26 for Marievale. All the group's mines have accordingly increased working profits, as the following table shows.

It should be noted in the case of St. Helena that the mine's tax charge has increased sharply following the virtual completion of its capital expenditure programme with the result that the net profit for the quarter comes out at only R4.86m. (£2.9m.) against R4.54m. in the September quarter.

	Dec. qtr. R000	Sept. qtr. R000	June qtr. R000
Bracken	3,333	2,159	2,144
Grootvlei	3,368	1,965	1,644
Kinross	7,661	5,494	3,674
Leslie	870	364	194
Marievale	1,941	939	1,818
St. Helena	11,893	8,949	8,639
Winkelhaak	12,861	8,973	9,372

ROUND-UP

The U.K. and Venezuela have reached an agreement on technological co-operation in energy and mining matters. The agreement provides for exchange of information and it is hoped to interest British firms in Venezuelan energy and mining prospects. The agreement was reached by the Minister of State for Energy, Dr. J. Dickson Mabon, who arrived in Caracas last week-end heading a mission of officials and businessmen.

* * *

The Rhodesian gold producer, Falcon Mines, expects to make a profit in the current year to September of $Rh.1.78m. (£1.4m.) should the gold price average at $US155 an ounce. The chairman, Mr F. L. Wigley, in his annual statement, said this would allow $Rh.1.09m. for distribution. This works out at $Rh.0.547 (43p) per share.

MINING BRIEFS

PEKO-WALLSEND—

	24 weeks to Dec.20, 1977	Dec.21, 1976
Warrego Mine		
Ore treated (tonnes)	98,974	121,513
Copper (tonnes)	1,629	2,175
Gold (ounces)	58,228	42,465
Bismuth (kilograms)	357,915	240,205
Mount Morgan Mine		
Ovrbrdn. removed (tonnes)	248,408	132,380
Ore treated (tonnes)	229,360	337,890
Copper (tonnes)	2,167	3,199
Gold (ounces)	19,010	27,603
King Island Mine		
Ore treated (tonnes)	171,707	161,515
Tungstic Oxide (WO_3) (MTUs)	108,507	103,725
Total production		
Copper (tonnes)	3,796	5,374
Gold (ounces)	77,238	70,068
Bismuth (kilograms)	357,915	240,205
Tungstic Oxide (WO_3) (MTUs)	108,507	103,725
Pelton and Gretley Collieries		
Washed coal (tonnes)	383,779	318,865
Gunnedah Colliery (Peko-Wallsend's share)		
Coal (tonnes)	86,884	95,654

Stock Conversion now forecasts £4½m.

PRE-TAX attributable revenue of Stock Conversion and Investment Trust for the six months to September 30, 1977, rose from £2.12m. to £2.48m. and the directors have revised their August forecast for the current year of not less than the £4.17m. for 1976-77, to not less than £4.5m.

The interim dividend is increased to 0.99p (0.8125p) net per 25p share absorbing £296,000 (£243,000) and they hope to recommend a final of 1.0065p—last year's final was 0.99p.

The company acquired for cash the 50 per cent. of the capital and 50 per cent. outstanding loans formerly held by an outside interest in Far Investment at the end of December 1977.

	Six months 1977 £000	1976 £000
Revenue	2,482	2,130
Minorities	578	442
Share associates	576	407
Pre-tax revenue	2,480	2,115
Tax	1,324	1,151
Net revenue	1,156	964

Raglan Property

The Board of Raglan Property Trust has said that it is unaware of any reason for the recent increase in the company's share price. The shares rose by ½p to 6½p last night, a new peak for 1977-78. A similar gain was registered on Tuesday.

Discussions are continuing on the proposed reconstruction mentioned in the 1976 annual report (published June, 1977), although the directors are unable to forecast what the outcome of these discussions might be.

Arbour Court on loss of listing

Mr. Richard Robinow, the chairman of Arbour Court Investments, reports in his annual statement that the directors are extremely conscious of the disadvantage to shareholders of the loss of the company's Stock Exchange listing.

While dealings continue under Rule 163 this is less satisfactory than a full listing, he says, and the directors are exploring possibilities whereby either listing could be restored or holders could exchange their shares for securities of a listed company.

Pending a satisfactory solution, it is intended to continue holding and dealing in securities "and to conduct these activities in a conservative fashion."

Following the vesting in October 1975 of its estates in the Sri Lankan Land Reform Commission, the former main operating subsidiary, Arbour Court Estates, ceased to trade.

Accordingly during 1976 the group's trading activities consisted solely of the dealing businesses carried on by Arbour Court Securities and Arbour Court Properties.

Last December 17, 1977 Ja[illegible] Holdings, through its subsi[illegible] United Kingdom Investment [illegible] held 39.83 per cent. of the equity.

Meeting, 5 High Timber Street, E.C., on February 9 at noon.

Leeds Dyers first quarter setback

Mr. A. Mortimer, the chairman of Leeds and District Dyers and Finishers, said at the AGM [illegible] home demand continues to [illegible] sluggish and he found it [illegible] difficult than ever to give [illegible]ingful figures for the [illegible] quarter's trading of the current year, considering the situation [illegible] one of the company's branches Scott and Rhodes, in Leeds.

Because of fire damage [illegible] company had to reorganise [illegible] maining facilities there. [illegible] total insurance claim, Mr. Mortimer said, could be in excess [illegible] £2m. The company intends to build and re-equip the destroyed finishing department by the [illegible] of 1978 and modernise the [illegible] house at the branch, starting early 1979.

Considering consequential [illegible] insurance the chairman believes that profit for the first quarter [illegible] some 20 per cent. down on [illegible] year. Profit for all 1976-77 was record £1.01m.

IDS AND DEALS

Tussaud's accepts 67p from S. Pearson

DIRECTORS of Madame ud's yesterday abandoned battle for independence reached agreement with arson and Son on the terms n increased offer, worth ively 67p per stock unit.

rson's new offer is 65p in per unit or 65p nominal of w Partly Convertible Un- ed Loan Stock 1993-98 in on, convertible as to £50 per at 220p into Pearson ary shares in each of the between 1981 and 1987.

value of the offer, which ares with Pearson's initial of 45p cash, is boosted by a er 2p, by the fact that ud's shareholders will be itted to retain the promised dividend from Tussaud's, 2.0252p.

rson's offer now comfortably the alternative bid from dated Television which is for cash or a mixture of shares cash worth around 60p but fically excluding any rights e final dividend.

this stage, however, it is nown whether ATV will re- the contest. Lord Grade, man of ATV, was reported week as saying that he did ntend to raise his offer but rday a spokesman said sim- "we have no comment at stage."

ssaud's managing director, Michael Herbert, yesterday that he was happy with the offer from Pearson, which aimed put a "fair value" he company. More particu- though, it is assurances of nuing editorial indepen- e, continuity of manage- and the similarity of man- ent style which have won ote.

ether his recommendation those of the Tussaud's Board ts merchant bankers, Brown ley, will be sufficient to shareholders, remains to en. The Board controls less 3 per cent. of the total s and Pearson has managed quire only about 1 per cent. ely through 175,000 shares hased in the market yester- at 65p). Institutions hold nd 25 per cent. of the equity no individual holding is par- arly significant.

ALBEX

e of the directors of the ex Group, Mr. L. H. Scholte, 100,000 shares on January 16. Scholte acquired 480,000 odd es at the time of Talbex's isition of the Robert Fielding lressing chain and has held ever since.

lbex announced on Tuesday it was making an £800,000 over offer for James Warren. terms are 28 Talbex shares every 10 Warren shares, not each Warren share as unced yesterday.

. L. PAWSON

. L. Pawson and Sons ounces that 339,450 shares been issued to the vendors of the Wilbefert Group in satis- faction of the consideration for that acquisition.

All these shares have been placed privately by Henry Cooke, Lumsden and Company. A letter giving details of the acquisition is being sent to Pawson share- holders.

FURTHER U.S. EXPANSION BY CABLE & WIRELESS

Cable and Wireless, the British state-owned telecommunications company, yesterday announced that it had increased to over 80 per cent. its stake in TDX systems, a small American tele- communications company in which Cable and Wireless has had an interest since it was founded in 1975. The price paid was not revealed. The British company will ultimately increase its holding to full ownership.

This is the third expansion in Cable and Wireless U.S. interests within the last 12 months. Last July it took over Incotel, a small New York company specialising in computerised telecommunica- tion. In October it made a £9.3m. agreed bid for Carterfone Communications, a U.S. company selling data transmission terminals.

TDX has banks, universities and oil companies among its customers and specialises in "least-cost tele- phone routing," a system which makes the best use of private leased lines. The company had turnover in 1977 of $1.25m. and is not yet profit-making.

LABOFUND BUY COMPLETED

Control Securities has now com- pleted the arrangements under which the Swiss investment group, Labofund, acquires 59.8 per cent. of the shares without making a bid for the remainder (an unusual move for which the Takeover Panel's consent was obtained).

Labofund has also bought one of Control's properties, The Exchange, in Cardiff, for the agreed sum of £950,000 in cash. The Exchange will now be put in the name of a Labofund associate, Kophta Foundation.

The change in ownership in Control has also now been reflected in the Board member- ship. Mr. Roger van Doninck is the new chairman with Mr. Norman Aronsohn as deputy chairman, Mr. Bernard Gould is managing director and other new directors are Mr. Christopher John and Friederich Count von Schlieffen. Mr. Cecil Rapport and Mr. Derek Rapport have retired from the Board.

SHARE STAKES

Alexander Howden Group: Kuwait Investment Office sold on January 12 50,000 shares leaving interest in 5,650,000 shares (7.83 per cent.).

Blantyre Tea Holdings: Warren Plantation Holdings has bought 2,000 shares. Total interest 72,500 shares (15.2 per cent.).

UKO International: Sir Ian Morrow, a director, sold 20,000 shares on January 18.

Rush and Tomkins Group: W. E. Tomkins, a director, has disposed of 100,000 shares in which he held a beneficial interest.

Elswick-Hopper: On January 13 G. Calvert, a director, sold 180,000 shares (slightly over 1 per cent.).

Harrison and Crosfield: Kuwait Investment Office on January 13 acquired an interest in a further 16,000 shares making a total in- terest of 1,920,000 shares (8.6 per cent.).

U.S. OFFER FOR BEN JOHNSON

R. R. Donnelley and Sons Com- pany of the U.S. is negotiating to acquire Ben Johnson and Co., offset printers of York, England. The proposed terms were not dis- closed.

The MP for York, Mr. Alex Lyon, has expressed concern over American takeover moves for three of the city's largest em- ployers. The Donnelly move fol- lows the recent takeover of Terry's the chocolate concern by Colgate-Palmolive and a bid by Rheem International for Redfern National Glass. Between them the three companies employ almost 4,000 in York.

Mr. Lyon said American invest- ment was not always undesirable, but it raised nagging doubts, particularly by the threat posed by any weakening of the Ameri- can economy.

ASSOCIATES DEAL

On January 17 Capel-Cure Myers sold on behalf of discre- tionary clients, 48,333 shares of Allied Investments at 52½p and 10,000 shares at 52½p.

B.I.T. debenture stock holders offered conversion or cash

PROPOSALS were sent out yester- day to holders of the two Conver- tible Debenture stocks of the British Investment Trust, which was recently taken over by the National Coal Board Pension Funds.

In respect of each of the stocks —the 6¼ per cent. Convertible De- benture stock 1993, and the 7¼ per cent. Convertible Debenture stock 1996—holders are invited to agree to a scheme of arrangement, to be put to them at meetings called for February 13, under which the stock would be conver- ted into Ordinary shares and sub- sequently acquired by Black Diamonds Pensions (a company wholly owned by the NCB pension funds). Failing such agreement, Black Diamonds Pensions will make an offer for the convertible issue. In either case, stockholders will receive the higher of 165p or the formula offer (worth 163.95p as calculated by Wood Mackenzie on January 12), in cash, for each £1 nominal of their stock. But there could be a lower charge for capital gains tax should the schemes of arrangement, rather than the offers, go through.

The National Coal Board Pen- sion Funds say that the British Investment Trust, in which some 20 per cent. of the Ordinary shares are still held by outsiders, will continue in its present form for the time being, and that its policy will be designed to benefit all shareholders alike. Should any change in the form of BITs be considered in the future, the Board of BITs says it will take the interests of all shareholders into account.

Messrs. J. W. Blair and M. Campbell Penney, who re- mained on the Board of BITs to provide continuity for the minority shareholders, tell con- vertible stockholders in a letter sent out yesterday that, while they consider it inappropriate to advise stockholders to reject the proposed schemes of arrangement, they find it impossible to recommend them or the offers with which they will be replaced should they fail to win stock- holders' approval. Their dilemma arises from their continuing belief that the offer for BITs Ordinary shares was too low. They advise shareholders to make up their own minds or, if in doubt, to consult their professional advisers. They do not themselves intend to take any action in respect of their small beneficial holdings.

APPROACH TO THOS. MARSHALL (LOXLEY)

Dealings in the shares of Thomas Marshall (Loxley) were suspended yesterday, at the com- pany's request, following a bid approach. No further details were available and Samuel Montagu, the company's financial advisers, said last night that they were totally unaware of the situation.

Unicorn Industries is known to have a significant holding in the group—13.75 per cent. last September—although a spokes- man for Unicorn is on record as saying that its interest was as a trade investment only and that the holding should not be viewed as a platform for a bid.

The current market value of Marshall, a manufacturer of fire- clay refractories, is around £2m.

MONTAGUE MEYER

Montague L. Meyer has agreed to purchase further shares in two of its subsidiary companies. The 1,774 issued shares in Film Cool- ing Towers (1925) at present held by minority shareholders will be purchased for a consideration of £100,000, to be satisfied by the issue of 68,000 shares and £50,000 in cash: and 98 of the Ordinary, "A" Ordinary and Deferred Ordinary shares in L. Bloom (Ply- wood) will be purchased for a consideration of £121,528 which will be satisfied partly by the issue of 37,500 Ordinary shares and partly in cash amounting to £91,528.

As a result of this transaction the company will own 62½ per cent. of the issued capital of L. Bloom.

CONSORTIUM HAS 12% OF HARCROS

The consortium including Rothschild Investment Trust which has been building up a stake in Harcros Investment Trust bought 13,000 shares at 85p per share on Tuesday. Harcros is currently the object of a takeover bid by Harrisons and Crosfield at 82p per share.

The shares, bought through Dunkley Marshall, were divided between 6,500 for Rothschild In- vestment Trust, 3,250 for Hume Holdings (which is 27¼ per cent. owned by RIT) and 3,250 for McLeod Russel.

Following this purchase, the consortium holds 2,313,000 stock units of Harcros or 12.2 per cent.

WIGFALL SAYS 'WAIT'

Shareholders in Henry Wigfall, which received a surprise £12.5m. takeover bid from Comet Radio- vision on Tuesday, have been advised by Mr. F. C. B. Morrell, their chairman, to take no action. Hill Samuel, the group's financial advisers, have already made it clear that they consider the terms of the bid "grossly inadequate" and shareholders will receive detailed reasons for this view after Comet has posted its formal offer document.

WILLIAM EWART

Northern Bank Development Corporation, on behalf of Reginald F. Clarke and Son, J. Balfour McGown and Mr. R. I. Stoupe announce that acceptances in respect of revised offers to acquire the capital of William Ewart Investments have been received in respect of 320,594 Ordinary shares and 184,544 Preference shares— 86.77 per cent. and 92.27 per cent. of the Ordinary and Preference share capitals respectively. The offers have been declared un- conditional and have now closed.

Rescue plan sought for factory

A JOINT committee of manage- ment and workers has been established in the troubled An- trim Crystal factory in Belfast where a five-week occupation by 170 employees has just ended.

It will try to agree on a plan to put the company on its feet. The Northern Ireland Depart- ment of Commerce has said that future Government aid will de- pend on the factory being put on the road to viability.

An inter-union dispute caused the work-in but the management was allowed to return on Monday.

The size of the operation may have to be reduced but any sug- gestion of a cut in the labour force has so far been rejected by representatives of the Irish Transport and General Workers' Union.

Nuffield Centenary Exhibition

THE NUFFIELD centenary ex- hibition opened yesterday at the Science Museum, Exhibition Road, London, SW7. Shown at Oxford last year, it is expected to tour Britain after its London showing.

The exhibition is sponsored by Barclays Bank and British Leyland in association with Hartwells Group, Kodak, Lucas Industries, the Thames and Chilterns Tourist Board and the English Tourist Board.

Lucas electric vehicle wins French award

THE LUCAS Bedford electric vehicle has won the high payload section of an international com- petition sponsored by the French Government to determine the current level of electric vehicle technology in Europe.

The Lucas Bedford vehicle was selected along with Peugeot and Fiat as the winner in its class.

Lucas will be invited to tender for the provision of several one- tonne payload electric vehicles to take part in extensive trials in and around Paris. The French Government will make a financial contribution to the cost of the trial and the vehicles will be used by Electricite de France, the French Post Office and Air France.

High cost of labour turnover

By Our Industrial Staff

HIGH LABOUR turnover can add considerably to company costs, says the British Institute of Management in a booklet issued yesterday. Apart from advertis- ing and recruitment costs, there are additional costs for selection, induction and training.

Welsh rural loans offer

A NEW RANGE of cheap loans ranging up to £30,000 is being offered by the Development Board for Rural Wales to com- panies in rural areas employing up to 20 skilled men.

Foundation to preserve Ahold independence

BY CHARLES BATCHELOR AMSTERDAM, Jan. 18.

RETAILER and food processor Ahold has taken steps to ward off unwanted takeover bids by setting up a "continuity Foundation" into which it has injected Fls.100,000 nominal of new Preference shares.

Arrangements have been made for a further issue of Preference shares "should this prove necessary." The voting rights attached to the new capital will be determined by the managing board of Ahold.

Apparently Ahold has no immediate fears of a bid, but events over the five years during which the measures have been under preparation have shown them to be necessary, the company said.

In recent years a bitter takeover struggle between Heineken and Lucas Bols came to an end only when Bols placed shares with a Foundation specifically set up for the purpose of preserving the independence of the spirit producer.

Much nearer home for Ahold, the privately-owned stores group Vroom en Dreesmann announced last March it had secretly acquired 40 per cent. of the publicly quoted Bijenkorf concern. These shares are now vested in a separate company jointly owned by V and D and Bijenkorf.

It is a sore point with Holland's two major publicly quoted retail groups, Ahold and Bijenkorf, that the stock exchange disclosure rules mean their business operations are open to scrutiny. Their private rivals Vroom en Dreesmann and CA and A can develop their strategies out of the public gaze.

Ahold's new Foundation will have a five-man managing board of which two are members of Ahold's supervisory Board.

EUROBONDS

Ross resigns from Kidder Peabody

BY MARY CAMPBELL

AS THE dollar recovered a little on the foreign exchange markets, the dollar sector of the market had a firmer tendency again yesterday for the second day running. Although turnover was not high, the generally better undertone did help both Occidental— trading for the first time, after being priced at 99 on Tuesday—and the Eurofima issue. Occidental was generally quoted around 97 bid; Eurofima recovered to the same level. The issue manager was quoting 97¼ bid, a price which he says he has been maintaining since Tuesday morning.

The main talking point in the market among the dealers in London yesterday was the resignation of Stanley Ross from his position as head of Kidder Peabody's London operations. Stanley Ross has been one of the best known figures in the Eurobond market since its early days, but it has long been known that relations between him and the New York head office of his company have not always been without strain.

The rather individualistic weekly newsletter which he edited, stopped publication at the end of last year.

Last night he said that his resignation stemmed from a "fundamental difference of policy" between him and the New York head office. He has not committed himself to another job. The implications of his resignation for the way Kidder handles its international business were not clear last night.

Turnover in the D-Mark sector picked up yesterday. Denmark's two tranche issues has been priced at 99¼ in both cases. The prices of both tranches of Denmark's DM200m. offering have been set at 99¼. One tranche had been indicated at 99, and the price of the other had been left completely open.

● The Luxembourg-based Eurobond clearing system Cedel's introduction of a collateral overdraft facility has become effective with the backing of eight unspecified banks.

Francis Ghiles adds: The French State railways, Societe Nationale des Chemins de Fer Francais (SNCF) will be borrowing in the Japanese foreign bond market in April. The French State electricity company, Electricite de France, could well follow SNCF, while Banque Francaise du Commerce Exterieur which borrowed in Yen last year, is expected back in the Tokyo capital market later this year.

Authorities act alone over bank rescue

By Robert Graham

MADRID, Jan. 18.

THE BANK of Spain's intervention to support a small Spanish commercial bank, Banco de Navarra, was the result of intense behind-the-scenes political discussions, it emerged to-day.

The consensus of the bankers was that they themselves were reluctant to assist in a rescue package for Banco de Navarra. Indeed, various efforts by Banco de Navarra to interest possible purchasers in recent weeks had met with negative responses.

This therefore left the Government with little option but to approve the Bank of Spain's rescue operation to guarantee depositors.

Banco de Navarra, founded in 1964 under the name of Banco de San Adrian, has deposits of Ps.9bn. and a capital of Ps.1.8bn. (not Ps.170m. as reported yesterday).

The bank has some 9,600 shareholders and 65 branches. Out of more than 110 commercial banks it ranks 62nd in terms of deposits.

While the banking community is relieved that the Bank of Spain has stepped in quickly to the rescue, the smaller banks are understood to be concerned that the Banco de Navarra experience may precipitate a movement of deposits to the larger and better-known banks.

German BP loss totals DM124m.

HAMBURG, Jan. 18.

DEUTSCHE BP AG expects overall losses of DM54m. in 1977 which would push the company's balance-sheet losses to DM124m. compare dwith DM70m. at the end of 1976.

During the year oil business losses rose to DM260m. from DM227m. These were reduced by profits from subsidiary companies, chemical industry participations, synthetics production and, finally, currency profits which totalled DM86m. due to the dollar's depreciation.

However, the company expects higher petrol prices this year to solve the problem of oil losses.

Reuter

Audi-NSU output

INGOLSTADT, Jan. 18.

AUDI-NSU Auto Union AG lifted total production by 31 per cent. to 340,000 vehicles in 1977 including 22,000 Porsche 9245. Turnover of this Volkswagenwerk AG rose 40 per cent. to DM.4.2bn.

The company also announced that last year's net profit will be above the DM.55.2m. of 1976 — reflecting the healthy state of the motor industry and Audi's own higher production and sales figures. Work force rose by 3,000 to 28,349 last year and average daily production increased by more than a quarter to 1,418 vehicles from 1,119.

Reuter

Von Roll reduces loss

ZURICH, Jan. 18.

SWISS engineer Von Roll AG, of Gerlafingen, expects a reduction in annual operating losses to some Sw.Frs.10m. for the year ended November 30 last, writes John Wicks from Zurich. This would compare with losses of Sw.Frs.25.5m. in the 1976 financial year and as much as Sw.Frs.42.8m. in the previous business period. At the same time, the company will have returned to a positive cash-flow, also at about Sw.Frs.10m., after cash-loss figures of Sw.Frs.12.8m. in 1975 and Sw.Frs.4.5m. in 1976.

The group, which is in the process of a large-scale reorganisation programme, reckons with a fall of turnover in the past financial year of some 5 per cent. from the 1976 level of Sw.Frs.501.6m. This was caused by the cessation of production of uneconomic items and falling processed-steel prices.

TWA sees final quarter upturn

NEW YORK, Jan. 18.

TRANS WORLD AIRLINES will report its best fourth quarter results since 1966, Edwin Smart, chairman and chief executive, told AP-Dow Jones to-day. Because of slow airline business the fourth period is traditionally a loss period for the company but for the 1977 fourth quarter TWA expects to break even or report a profit.

The results would mean TWA for the full year will report the highest net profit in its history. Despite these results TWA has no plans to declare a dividend on the common stock in the immediate future, Mr. Smart indicated. He noted that bank and insurance company loans to the company carry restrictions that currently preclude any common dividends. He added, however, that with another $10m. in airline earnings adjusted for certain items TWA will be free of such restrictions.

Last year TWA reported a corporate net loss of $2.1m. in the fourth quarter. For the full year TWA reported net profits of $37m. or $2.51 a share. TWA's record profit was $54m. in 1965.

While Hilton International, a hotel subsidiary, and Canteen Corp., a food service subsidiary, recorded good performances, it was the airline which showed the principal improvement in the fourth quarter, Smart said.

Earlier in the year airline results had been deteriorating mainly because of increased losses on domestic routes. But Hilton International and Canteen had contributed greater profits. As a result in the first 11 months consolidated net profit was $65.6m., or $3.98 a share, up from $44.8m., or $3.10 a share.

AMERICAN NEWS

Strong fourth quarter at BankAmerica

BY STEWART FLEMING NEW YORK, Jan. 18.

BANKAMERICA Corporation, parent company of the world's largest commercial bank, has reported another strong gain in profits in the fourth quarter of 1977. In line with the trend in earnings at other Californian banks, BankAmerica's fourth quarter profits before securities transactions rose to $108.8m. from $93.6m. a year ago, an increase of 15.3 per cent. The fourth quarter gain comes on top of profits growth earlier in the year which after nine months had left the bank with a 12 per cent. net profit gain compared with the same period of 1976. For the whole of 1977, the bank's earnings are $395.1m. compared with $335.9m. in 1976, an increase of 17.5 per cent. Earnings per share for the year are $2.71 compared with $2.40 in 1976.

In common with other U.S. banks, the company has been experiencing a declining trend in loan loss provisions and in loans which are earning no interest or reduced interest. The bank's interest income has also been rising strongly reflecting growth in earning assets.

Foreign investments boost profit at Bankers Trust

NEW YORK, Jan. 18.

BANKERS TRUST New York Corporation, reporting yesterday, said that fourth-quarter earnings were aided by a variety of factors when compared with the fourth quarter of last year and the third quarter of 1977. Revaluation of foreign investments added an after-tax $3.4m. to fourth-quarter earnings and the sale of minority interests in four African banks added $1.4m. to after-tax earnings.

Net before securities transactions was $19.6m. in the final 1977 quarter, against $16.5m. in the same 1976 period, giving $1.60 per share against $1.39. Net after transactions was $18.6m. or $1.52 against $15.9m. or $1.33.

For the year net before securities transactions was $61.6m. or $5.06 a share against $57.6m. or $4.76 a share. Net after transactions was $61.3m. or $5.03 against $56.5m. or $4.66 a share.

Also reporting yesterday was Wells Fargo with $1.05 per share net for the fourth quarter against $0.81. This was on net income of $23.3m. against $16.4m. in the final quarter of 1976.

Income before securities transactions was $24.4m., or $1.10 against $16.9m., or $0.83.

For the year, net was $86.3m., or $3.98 against $63.5m., or $3.16. Income before securities transactions was $87.3m., or $4.03 against $63.5m. or $3.16.

The company attributed the record results to strong real estate and consumer lending volume and heavy gains in saving deposits.

Net income of Crocker National Corporation for the fourth quarter ended December 31, 1977, before securities transactions rose from $12.5m. to $15.9m., or from $1 per share to $1.3 per share. Net income after securities transactions rose from $13.1m. or $1.06 per share to $15.9m. or $1.29 per share.

This result lifted net income before securities transactions for the year as a whole from $45.4m. or $3.63 per share to $53.8m. or $4.35 per share.

The year's net income after securities transactions rose from $46.3m. or $3.71 per share to $53.8m. or $4.35 per share.

Agencies

Bendix sees upturn this year

DETROIT, Jan. 18.

BENDIX CORPORATION said "it will be difficult" to exceed last year's second quarter results, but results for all of fiscal 1978 ending September 30 should be higher.

The company to-day reported first quarter earnings of $1.28 per share, up from $1.20, and revenues of $847.8m., up from $765.3m.

In last year's second quarter, Bendix earned $1.34 per share on revenues of $836.0m. and for all of fiscal 1977 the company earned $5.29 per share on revenues of $3.30bn.

William M. Agee, chairman of Bendix Corporation which reported record first fiscal quarter revenues and earnings said "good results" by the company's operations which supply North American car and truck makers helped the company's performance and a "continuing strong demand" in those operations accounted for an increase in automotive revenues and profits over the last year "in spite of a loss experienced by our largest foreign subsidiary DBA in France."

Agee said "while we cannot yet foresee a significant improvement in France our largest international market DBA remains a priority object of our attention."

Agee predicted that in light of the record first quarter results "We expect to have another record year in 1978."

Agencies

Crane stake in Zapata

NEW YORK, Jan. 18.

CRANE CO. has disclosed to the SEC that it has purchased 630,800 shares, or about 8.6 per cent. of the outstanding common stock, of Zapata Corporation, the diversified energy concern based in Houston. Crane said the Zapata purchases were made in the open market at prices ranging from $14.50 per share to $19.50 per share, between December 15 to January 13. The company said it spent some $10.6m. to acquire the shares.

Crane said that considering Zapata's financial position, it does not intend to seek control of Zapata, propose a merger or other form of combination between Crane and Zapata, or seek representation on Zapata's Board.

AP-DJ

Xerox on target

XEROX CORP'S profits for the fourth quarter and full year 1977 will be in line with Wall Street analysts' expectations, a company spokesman said, reports Reuter from New York.

The spokesman also said Xerox anticipates raising its current 40 cents quarterly dividend in 1978, and over the next five years the dividend payout ratio will probably increase to about 50 per cent. of earnings from the current one-third ratio.

He termed Wall Street forecasts that Xerox will earn approximately $1.15 a share in the fourth quarter and have 1977 net of about $5.05 a share as "quite accurate.

SEC stresses obligations of outside directors

BY OUR OWN CORRESPONDENT NEW YORK, Jan. 18.

IN ITS strongest statement so far about the responsibilities of company directors, the Securities and Exchange Commission has said that outside directors have an obligation to check the accuracy of information their companies give investors.

The SEC position is set out in a report issued earlier this week on former outside directors of National Telephone which is now in bankruptcy proceedings.

The report concluded that six of the seven outside directors of the company failed to ensure that it was making full disclosure of its financial condition.

The SEC statement is intended to have a general application although it deals specifically with the National Telephone case. On this it says that the six directors were aware of significant facts concerning the company's troublesome financial condition as well as the optimistic nature of the company's disclosures in 1974 and 1975, which were in direct contrast with the true state of its affairs.

It added that in these circumstances, the outside directors had "an affirmative duty" to see that proper disclosures were made.

Recovery at Int. Paper

BY OUR OWN CORRESPONDENT NEW YORK, Jan. 18.

A STRONG earnings recovery in the fourth quarter helped International Paper, the world's largest paper manufacturer, to a net profit of $234m. for 1977, 7.8 per cent. down on the year before.

Throughout last year the company suffered from sluggish demand at home and abroad and an inability to increase prices as much as it wanted. For the first nine months net income was 18 per cent. down on the previous year but a 33 per cent. rise in fourth quarter profits will mute some of the criticism that International Paper is being outperformed by some of its smaller rivals in forest products, paper and pulp manufacturing.

Net income in the fourth quarter was $84m. or $1.35 a share, against $48m. or $1.02 a share for 1976. Sales were $949m. compared with $884m.

The year's earnings of $234m. or $4.98 a share were $20m. down on 1976, although sales, at $3.67bn. were 3.6 per cent. higher than the previous year's $3.54bn. At the current stock market price the price/earnings ratio is around 7.8.

U.S. QUARTERLIES

RLC CORP. First Quarter	1977 $	1976 $
Revenue	57.8m.	49.7m.
Net profits	4.2m.	3.3m.
Net per share...	0.57	0.46
Net share dil...	0.51	0.36

MIDLAND BANCORP. Fourth Quarter	1977 $	1976 $
Net profits	747,000	760,000
Net per share...	0.73	0.74
Year		
Net profits	2.5m.	2.8m.
Net per share...	2.43	2.70

JOSTENS INC. Second Quarter	1977 $	1976 $
Revenue	50.1m.	39.3m.
Net profits	2.8m.	2.1m.
Net per share...	0.54	0.41
Six Months		
Revenue	85.4m.	67.2m.
Net profits	3.4m.	2.6m.
Net per share...	0.68	0.51

FIRST MISSISSIPPI Fourth Quarter	1977 $	1976 $
Revenue	34.2m.	35.0m.
Net profits	*447,083	2.7m.
Net per share...	—	0.33
Year		
Revenue	69.9m.	66.9m.
Net profits	1.4m.	4.6m.
Net per share...	0.17	0.55

* Loss.

SOUTHERN NATIONAL Fourth Quarter	1977 $	1976 $
Revenue	9.5m.	8.5m.
Net profits	1.0m.	1.0m.
Net per share...	0.92	0.83
Year		
Revenue	35.3m.	31.5m.
Net profits	3.4m.	2.9m.
Net per share...	2.85	2.48

MIDLAND GLASS First Quarter	1977 $	1976 $
Revenue	34.5m.	27.0m.
Net profits	1.4m.	0.0m.
Net per share...	0.49	0.36

U.S. BANCORP Fourth Quarter	1977 $	1976 $
Net profits	9.7m.	7.9m.
Net per share...	1.00	0.89
Year		
Net profits	37.3m.	29.5m.
Net per share...	3.86	3.31

IMPERIAL BANCORP Fourth Quarter	1977 $	1976 $
Net profits	478,699	302,828
Net per share...	0.51	0.35
Year		
Net profits	2.4m.	1.5m.
Net per share...	2.48	1.81

UNION CAMP Fourth Quarter	1977 $	1976 $
Revenue	266.6m.	243.8m.
Net profits	25.0m.	28.0m.
Net per share...	1.04	1.16
Year		
Revenue	1.1m.	1.0m.
Net profits	114.7m.	118.6m.
Net per share...	4.73	4.97

SECURITY PACIFIC CORP. Fourth Quarter	1977 $	1976 $
Net profits	26.1m.	20.8m.
Net per share...	1.23	0.98
Year		
Net profits	100.2m.	76.3m.
Net per share...	4.71	3.58

ARCHER DANIELS MID. Second Quarter	1977 $	1976 $
Net profits	14.606m.	16.878m.
Net per share...	0.47	0.54
Six Months		
Net profits	28.777m.	32.540m.
Net per share...	0.92	1.04

RALSTON PURINA First Quarter	1977 $	1976 $
Revenue	955.1m.	918.9m.
Net profits	43.2m.	38.9m.
Net per share...	0.40	0.36

Zenith to write down Swiss watch offshoot

CHICAGO, Jan. 18.

ZENITH RADIO said that it w write down its investment Zenith Time S.A., its Sw watch-making subsidiary, a related watch distribution ope tions.

The writedown will result in charge against fourth-quar earnings of about 40 cents share.

Zenith said the operatio have not been profitable accounted for less than 3 p cent. of consolidated sales.

It added that discussions being held with undisclosed terests in Switzerland regardi the purchase of the watch bu ness with the anticipation continuing its operations as producer and marketer watches.

The watchmaking subsidia was acquired by Zenith in 197

Zenith Radio Corp. has p viously disclosed a loss of $12. for the third quarter of 19 compared with a profit of $9.6 or 51 cents a share last year.

The third quarter loss includ a pre-tax charge of $22.4m. fro writeoff of colour picture tu plant and a pre-tax charge $3.3m. from writedown of Swi watch inventories.

For 1976 the company reporte net of $38.6m. or $2.05 a shar on sales of $978.2m. For th 1976 fourth quarter, net incom was $13.8m. or 73 cents a sha on sales of $279.4m.

AP-DJ

Quebec study urges asbestos investment

By Robert Gibbens

MONTREAL, Jan. 18.

THREE ASBESTOS processe products could be made econom cally in Quebec, requiring an i vestment of about $C60m. an creating about 400 jobs ove three or four years, says th second volume of an asbestos i dustry-commissioned study.

The $C225,000 study has bee carried out on behalf of th industry by Sores Inc., a sul sidiary of SNC group, Montrea Canada's second largest enginee ing firm, with the participatio of Arthur D. Little of the U. The first volume, published las fall, dealt generally with th possibility of further processin of asbestos fibre in the Provinc

The three products singled ou by the second volume are floo ing, felt, moulded frictio materials, and asbestos-cemen finished sheets. It suggests th any new venture to make suc products would have most chanc for success if it were "totall new" and not linked to existin fibre operations.

U.S. Steel sells plant

By Nicki Kelly

NASSAU, Jan. 18.

UNITED STATES Steel Corpora tion's $75m. Bahamas Cemer Company plant at Freepor Grand Bahama, has been sold t International Development Co poration SA Luxembourg for a undisclosed sum.

IDC chairman Yusuf A. Haroo said talks with Bahamian Govern ment officials indicated full c operation in the effort to resum plant operation. The 14-year-ol cement company, which pr viously supplied the U.S. marke closed last June because o insufficient revenues to mee higher operating costs.

IDC is a holding company wit world-wide interests includin affiliation with companie engaged in the production an international marketing o cement.

VONTOBEL EUROBOND INDICES

PRICE INDEX	16.1.78	17.1.78	AVERAGE YIELD	16.1.78	17.1.78
DM Bonds	107.65	107.66	DM Bonds	6.441	6.446
HFL Bonds & Notes	101.48	101.46	HFL Bonds & Notes	7.930	7.932
U.S. $ Strt. Bonds	99.54	100.40	U.S. $ Strt. Bonds	8.623	8.522

INTERNATIONAL FINANCIAL AND COMPANY NEWS

U.S. BANKING

Recovery favours regionals

BY STEWART FLEMING

…E YEARS AGO, multina…al banks from big cities like … York were among the …our stocks of the banking …r. But to-day, as the …stry reports what promises … its best profits performance … 1973, investment brokers … as Goldman Sachs are advis… their clients to buy the shares … the nation's better regional …s if they want to share in … could be a near record …'s profits in 1978.

…st year, U.S. banks' profits …rged from the worst effects … the serious loan losses which … the industry in the wake of … 1974-75 recession, whereas …975 and 1976, according to … analysts M. A. Schapiro and … the first 100 banks to report …rded earnings increases of … about 5 per cent. This …, 1978, it looks as though …s could be back to the 15 …cent. range reported in 1973.

…t their recovery is unbal…d. Regional banks, espe…y those in sunbelt states like …s, are looking at buoyant …ts, which are widely expec… to continue through this …. But already, in the fourth …ter results of companies like …rp. Chemical Bank and … Morgan, there is evidence … growth at some of the big … York banks may be slacken….

…ny of these banks are …g to come to terms with a … range of commercial pres…s stemming in part from … loan demand at home at a … when interest rates and … are continuing to rise …ly.

…ese problems are coming … sharper focus now because … part of the profits improve… the banks have reported … the past two years has …lted from reductions in pro…ns against bad loans. But …s from this source are going to be less significant in 1978 and beyond.

Take, for example, Chase Manhattan Bank; earlier this week it reported what looked like a strong, 17 per cent., rise in 1977 earnings. But the bank's income statement makes it clear that the $95m. decline in loan loss provisions last year was a more significant factor in the profits increase than the $50m. rise in net interest income. The latter has to be set against a $63m. rise in salaries and employee benefits.

Mr. Willard Butcher, president and chief operating officer at the Chase, agrees that one of the big problems which the major New York City banks have to come to grips with is the fact that many of them have not experienced any significant growth in the profitability of their domestic banking operations for close to a decade.

While there are a variety of reasons for this, slack loan demand has been an important one in the past two years, and one where the contrast with the regional banks is most marked.

Thus, Salomon Brothers pointed out recently that in the 12 months to December 14 total loans at banks in the New York Federal Reserve District rose by only 2.2 per cent. This contrasts with increases of nearly 19 per cent. in the Dallas District, 17 per cent. in the San Francisco District and 16 per cent. in the Richmond, Virginia District.

This stagnation of domestic lending by New York banks has been due in part to the ample cash resources which many of their corporate customers have built up, as well as their limited demand for new funds for expansion and their switch to the bond markets for long term finance.

In addition, however, the New York banks in particular have been facing increasing competition from the commercial paper market, where major businesses borrow from each other, rather than from the banks. The big companies using this market are the same businesses most likely to have accounts with banks such as J. P. Morgan and Citicorp.

The sharp competition from commercial paper has become such a significant factor that it has forced the big banks first to offer choice customers easier terms than those normally associated with prime rate lending, and more recently to start offering loans based on cheaper, money market interest rates.

Mr. Butcher of Chase argues that "there should be a difference between the price of a five-day loan and a revolving credit," and that therefore the shift away from only prime rate based lending is quite logical. He points out, too, that money market based rates will not always be cheaper than prime and he suggests that at Chase management is making up in increased volume of lending what it is losing on the relatively lower lending charges.

There is not much evidence of this in the domestic lending figures of the New York banks as a whole, however.

Faced with this stagnation in their domestic market, many of the big money centre banks have been looking increasingly for overseas growth. Salomon Brothers, in a graphic example, pointed out that in the first nine months of 1977, while Citicorp's overall earnings were down by 2 per cent., this was made up of a 43 per cent. decline in domestic U.S. profits and a 15 per cent. rise in international earnings.

At Citicorp in 1976, international profits accounted for 72 per cent. of earnings. For the ten largest U.S. banks, the figure had increased to 50 per cent.

Through the first nine months of 1977, foreign loans at these banks rose by 20 per cent.

Just how rapidly this growth can continue is now coming into question. For one thing, lending margins on foreign business are also narrowing, under pressure from the ample supply of funds from European as well as U.S. international banks.

Mr. Butcher of Chase suggests that since he expects only a modest improvement in domestic loan demand in the U.S., his bank will be continuing to seek overseas lending opportunities this year at the same pace as in 1977. If others do the same, then pressure on foreign lending margins would seem likely to continue.

In addition, however, investors are increasingly concerned about the quality of some of the loans, particularly to developing countries' foreign governments. This is yet another reason why investors are treating the shares of many multi-national money centre banks with caution.

BANK EARNINGS

	Fourth quarter %	Year %
Citicorp	−17	− 6
J. P. Morgan	+ 1.5	+ 7.7
Manufacturers Hanover	+ 5.5	+10
Security Pacific	+26	+31
Wells Fargo	+45	+38
First Int. Bank Shrs.	+15.8	+14.7

EUROBOND REFLOWS

Swiss franc set to top Deutschemark

BY MARY CAMPBELL

…ING THE NEXT five years, …ws of Eurobond funds from … interest payments and repay…ts of principal will be larger … Swiss francs than in D-Marks, …rding to the latest edition … the Orion Bank's "Funds …ws into the Eurobond …ket."

… quarter of all flows, or some …n. equivalent, will be in …s francs, and 24 per cent. in …rks in 1978-82. As is to be …cted, the most important …le currency is the U.S. dollar … per cent. of interest and …rtisation payments in 1978-… will be in that currency.

All other currencies added together account for a surprisingly small proportion of the total—8 per cent.

The Swiss franc market has not generally been perceived as being anything like as big as the D-mark sector. This is mainly because the bulk of foreign fund raising on the Swiss franc market takes the form of private placements — with as little publicity as the Swiss National Bank can impose. The public issue market represents only the tip of the iceberg.

The importance of the Swiss franc is despite the fact that Orion has eliminated from its calculations the large volume of issues which borrowers last year decided to repay before the scheduled date.

The total reflow of funds from outstanding Eurobond issues which is due during the next ten years amounts to over $100bn., according to the Orion study. The years when most funds are due to flow back are 1980 and 1982, with $13.7bn. and $3.5bn. respectively. Reflows in several years amount to more than total bond issues in any year up to 1975 (inclusive).

For the purposes of the study, Orion has not included foreign bond issues in the U.S. market, and in so far as non-U.S. residents invest in that market, the reflow figure should probably be put somewhat higher than Orion's $103bn.

The amount due to flow back this year is put at $8.2bn., with $9.3bn. due in 1979.

The value of the information on reflows, Orion says, is tactical, in that it helps borrowers and issue managers to schedule bonds at the time when the market is likely to be most receptive. Naturally, currency and interest rate factors are decisive, since investors do not necessarily re-invest Eurobond reflows in Eurobonds.

However, insofar as they are valuable, a key point about the figures is the proportion which takes the form of repayments of principal rather than interest payments: in Orion's view, repayments of principal are more likely to be reinvested in new Eurobond issues than payments of interest.

During 1978, only 38 per cent. of reflows (or $3.1bn.) will be principal repayments. However, by 1982, 73 per cent. (or nearly $10bn.) of total reflows will represent principal repayments.

The figures for reflows are perhaps most valuably used in discussions on the extent to which the Eurobond market has become self-sustaining. "Since the market has sometimes been criticised for impermanence and instability," Orion says, "the implications for borrowers and underwriters of a continual reflow of old money could be important."

In this context, it seems that the Eurobond market will have to depend on new flows from other sources into the Eurobond market for some years yet before it can reckon to base new issue activity, in the volume to which it has grown accustomed, on internally generated funds. On the other hand; to the best of Orion's knowledge at least, in no other market have the figures for reflows even been calculated.

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Alcan Australia 8½pc 1989	96½	97¼
AMEV 8pc 1987	96	97½
Australia 8½pc 1992	95	95½
Australian M. and S. 9½pc 1992	97	97½
Barclays Bk 8½pc 1992	96¼	97¼
Bowater 9½pc 1992	96¼	97
Canad. N. Rwy. 8½pc 1986	95½	96½
Credit National 8½pc 1986	[illegible]	[illegible]
Denmark 8½pc 1984	[illegible]	[illegible]
ECS 9pc 1993	[illegible]	[illegible]
ECS 8½pc 1997	[illegible]	[illegible]
EIB 8½pc 1992	[illegible]	[illegible]
EMI 9½pc 1989	[illegible]	[illegible]
Ericsson 8½pc 1989	[illegible]	[illegible]
Esso 8pc 1986 Nov	[illegible]	[illegible]
Gt. Lakes Paper 8½pc 1984	[illegible]	[illegible]
Hamersley 9½pc 1992	[illegible]	[illegible]
Hydro-Quebec 9pc 1992	[illegible]	[illegible]
ICI 8½pc 1987	[illegible]	[illegible]
ISE Canada 9½pc 1986	[illegible]	[illegible]
Macmillan Bloedel 9pc 1992	[illegible]	[illegible]
Massey Ferguson 9½pc 1991	[illegible]	[illegible]
Michelin 9½pc 1988	[illegible]	[illegible]
Midland Int. Fin. 8½pc 1992	[illegible]	[illegible]
Nat. Coal Board 8pc 1987	[illegible]	[illegible]
Nat. Westminster 9pc 1986	[illegible]	[illegible]
Newfoundland 9pc 1989	[illegible]	[illegible]
Norges Komm. Bk. 8½pc 1992	[illegible]	[illegible]
Norpipe 8½pc 1989	[illegible]	[illegible]
Norsk Hydro 8½pc 1992	[illegible]	[illegible]
Oslo 9pc 1988	[illegible]	[illegible]
Ports Autonomes 9pc 1991	[illegible]	[illegible]
Prov. Quebec 9pc 1995	[illegible]	[illegible]
Prov. Saskatch. 8½pc 1986	[illegible]	[illegible]
Reed International 9pc 1987	[illegible]	[illegible]
RHM 9pc 1992	[illegible]	[illegible]
Selection Trust 8½pc 1989	[illegible]	[illegible]
Skand. Enskilda 9pc 1991	[illegible]	[illegible]
SKF 8pc 1987	[illegible]	[illegible]
Sweden (K'dom) 8½pc 1987	[illegible]	[illegible]
United Biscuits 9pc 1989	[illegible]	[illegible]
Volvo 8pc 1987 March	[illegible]	[illegible]
NOTES		
Australia 7½pc 1984	[illegible]	[illegible]
Bell Canada 7½pc 1987	[illegible]	[illegible]
British Columbia Hydro 7½pc 1985	[illegible]	[illegible]
Can. Pac. 8½pc 1984	[illegible]	[illegible]
Dow Chemical 8pc 1986	[illegible]	[illegible]
ECS 7½pc 1982	[illegible]	[illegible]
ECS 8½pc 1989	[illegible]	[illegible]
EEC 7½pc 1982	[illegible]	[illegible]
EEC 7½pc 1984	[illegible]	[illegible]
Enso Gutzeit 8½pc 1984	[illegible]	[illegible]
Gotaverken 7½pc 1982	[illegible]	[illegible]
Kockums 8pc 1983	[illegible]	[illegible]
Michelin 8½pc 1983	[illegible]	[illegible]
Montreal Urban 8½pc 1981	[illegible]	[illegible]
New Brunswick 8pc 1984	[illegible]	[illegible]
New Brunswick Prov. 8½pc 1983	[illegible]	[illegible]
New Zealand 8½pc 1986	[illegible]	[illegible]
Nordic Invest. Bk. 7½pc 1984	[illegible]	[illegible]
Norsk Hydro 7½pc 1982	[illegible]	[illegible]
Norway 7½pc 1982	[illegible]	[illegible]
Ontario Hydro 8pc 1987	[illegible]	[illegible]
Singer 8½pc 1982	[illegible]	[illegible]
S. of Scot. Elec. 8½pc 1981	[illegible]	[illegible]
Sweden (K'dom) 7½pc 1982	[illegible]	[illegible]
Swedish State Co. 7½pc 1982	[illegible]	[illegible]
Telmex 9½pc 1984	[illegible]	[illegible]
Tenneco 7½pc 1987 May	[illegible]	[illegible]
Volkswagen 7½pc 1987	[illegible]	[illegible]
STERLING BONDS		
Courtaulds 9½pc 1989	[illegible]	[illegible]
ECS 9½pc 1989	[illegible]	[illegible]
EIB 9½pc 1988	[illegible]	[illegible]
Finance for Industry 9½pc 1987	[illegible]	[illegible]
Fisons 10½pc 1987	[illegible]	[illegible]
Total Oil 9½pc 1984	[illegible]	[illegible]

DM BONDS	Bid	Offer
Austria 6½pc 1985	105½	107
BFCE 7pc 1987	104½	105½
Denmark 6½pc 1983	104	104½
EIB 6½pc 1984	105½	106½
Grand Met 7pc 1984	101½	102
Hydro-Quebec 6½pc 1987	101	102
ICI 6½pc 1987	103	103½
Montreal 7pc 1987	102	102½
[illegible]	[illegible]	[illegible]
FLOATING RATE NOTES		
Bk. of Tokyo 1984 7⅛pc	[illegible]	[illegible]
BFCE 1984 8pc	[illegible]	[illegible]
BNP 1983 8½pc	[illegible]	[illegible]
CCF 1983 8pc	[illegible]	[illegible]
CGMF 1984 7¼pc	[illegible]	[illegible]
Creditanstalt 1984 7½pc	[illegible]	[illegible]
Credit Lyonnais 1982 8pc	[illegible]	[illegible]
DG Bank 1982 7⅛pc	[illegible]	[illegible]
GZB 1981 7½pc	[illegible]	[illegible]
Int. Westminster '84 7⅝pc	[illegible]	[illegible]
Lloyds 1983 7½pc	[illegible]	[illegible]
LTCB 1982 8pc	[illegible]	[illegible]
Midland 1982 8pc	[illegible]	[illegible]
Midland 1987 7⅛pc	[illegible]	[illegible]
OKB 1983 8½pc	[illegible]	[illegible]
SNCF 1985 8⅛pc	[illegible]	[illegible]
Stand. and Chart. 1984 8½pc	[illegible]	[illegible]
Wms. and Glyns 1984 7pc	[illegible]	[illegible]
Source: White Weld Securities.		
CONVERTIBLES		
American Express 4½pc '87	[illegible]	[illegible]
Ashland 5pc 1988	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
Source: Kidder, Peabody Securities.		

MEDIUM TERM LOANS

Bankers' fears on French election recede

BY FRANCIS GHILES

A FEW MONTHS ago a number of French State companies were all set to come to the market before the general elections due in France next March. The argument in favour of raising money was that this would be easier to do at present than if the Left wing coalition won the elections. As the fear many bankers have in this respect has receded so some borrowers have felt less in a hurry.

Still, the Caisse Nationale des Telecommunications (CNT) is approaching some banks for a loan, the amount of which is not as yet fixed. The terms, however, are likely to include a ten-year maturity and a split spread of ⅞ per cent. rising to ⅞ per cent. Such terms would be very similar to those that were attached to the $500m credit to the State electricity company, Electricite de France, at the end of last year, except that the maturity is two years longer.

Some aspects of the $200m. loan for the Italian state electricity utility, ENEL, are worth pointing out. This is the first Italian state guaranteed loan since 1973. The amount was initially scheduled to be $150m., but was increased by a third thanks to the market's good response.

The maturity of the loan may turn out to be five or seven years. At the end of the third year, the borrower and the lending banks have a mutual option to choose.

Interest is payable at a spread of 1⅛ per cent. for the first two years, rising to 1¼ per cent. for the remainder. The lead manager is S. G. Warburg. The lending syndicate has been more or less complete since last November, but various problems relating to documentation held up the proceedings.

It is understood that these involved the inclusion of certain clauses in the loan agreement which are now standard in such loans, but which were rare, if in existence at all, when the Italian Government was last involved in such a borrowing.

Bolivia becomes the latest Latin American borrower to benefit from a fall in spreads: the Republic is raising $150m. for seven years on a split rate of 1⅜ per cent. rising to 1⅞ per cent. Citicorp is lead manager.

The $60m. seven year loan for Senegal is now in the market. Lead manager is Citicorp and the borrower will be paying a split spread of 2 per cent. rising to 2¼ per cent.

AUSTRALIAN COMPANIES

Amatil raises dividend

BY JAMES FORTH

SYDNEY, Jan. 18.

AMATIL, THE tobacco, food, packaging and pastoral group, has increased its dividend from 14c. to 16c. a share after a 44 per cent. jump in earnings from $A16.77m. to $A24.16m. in the year to October 31. The higher earnings were achieved on a sales increase of only 9.8 per cent., from $A805m. to $A884m. But, earnings were assisted in a major way by trading stock valuation adjustment of $A7.3m. and investment allowance of $A6.7m., which reduced the amount of tax payable.

Commenting on the result, the directors said they felt that good progress had been made towards restoration of a "more reasonable" profit level.

The improved performance came from all divisions except frozen vegetables and the interest in Courage Breweries, which continued to trade unprofitably.

The market for tobacco products continued to recover from the depressed level of late 1975 when the imposition of State licence fees and a large excise increase caused a downturn in total market volume. Tobacco sales benefited from price increases granted by the Prices Justification Tribunal, but the value of sales overall showed no great increase, because of a tendency for higher volume sales to be recorded mainly in lower price brands. Interestingly, it was the first full year after the banning of cigarette advertising on television.

Profit of the printing and packaging division was higher despite severe competition. Extra capital investment helped reduce operating costs. The frozen vegetable division was unable to sell all its production and stocks built up. Production had been reduced, which would have a temporary unfavourable effect on the 1978 frozen vegetables division's result. The meat division's loss was reduced because of a large write-down of livestock values.

Earnings a share rose from 24.3c a share to 35.1c, providing ample cover for the higher dividend.

Fibre Containers Limited, a listed subsidiary of Amatil, announced a one-for-three scrip issue, after a 50 per cent. gain in earnings, from $A1.76m. to $A2.64m.

Its dividend was held at 8c a share, and was covered by earnings a share of 27c, compared with 18c in the previous year. The directors expect to maintain the existing dividend rate on the higher capital.

TNT may sell Miller stake

THOMAS NATIONWIDE TRANSPORT, the Australian-based international transport group, is considering selling its stake in the coal and shipping group R. W. Miller (Holdings) if it can obtain the right price.

Tentative discussions have apparently already been held with some executives of Ampol Petroleum, one of the partners in Miller, but the proposal has yet to go before the Ampol Board. It is suggested that TNT wants at least $A25m. before it would be prepared to part with the Miller stake.

A few weeks ago, TNT raised $A4m. through the sale of 3m. of its 16.5m. shareholding in Ansett Transport Industries.

It is understood that TNT recently carried out a re-appraisal of its interests and decided to dispose of those where it could not exercise or obtain control. The remainder of the Ansett parcel is thought to be for sale if the right price is offered.

Miller has been expanding strongly into coal. It has two major prospects—at Mt. Thorley in the Warkworth region of New South Wales, and at Oaky Creek in Queensland, which if developed would each cost more than $A100m.

Comeng indicates higher earnings

COMENG HOLDINGS, the major engineer, has indicated by declaring a one-for-10 scrip issue that it will report higher earnings for the first-half of 1977-78.

The issue will come as little surprise to long-standing shareholders. In fact, the company has made a one-for-10 handout each year since 1969, making the latest offering the ninth in that period.

The shares will qualify for the interim dividend which will be paid in April. Last year the company raised its payout from 10 cents to 11 cents a share.

A holder of 100 shares in 1969 receiving $A7.50 a year in dividends, would now hold 214 shares bringing in $A23.54, to be increased further by the latest issue.

Comeng lifted earnings from $A8.3m to $A8.7m. The company has major interests in iron founder, Bradken Consolidated and rival engineer, Australian National Industries following a takeover battle with ANI for control of Bradken.

MAIBL and Bank of Bermuda venture

MIDLAND and International Banks Ltd. (MAIBL, the oldest of the London-based consortium banks, and the Bank of Bermuda Ltd. have joined forces in the Far East with a new operation based in Hong Kong.

A company called MAIBL Bermuda (Far East) has been formed in which MAIBL will hold 80 per cent. of the equity and the Bank of Bermuda 20 per cent. It will operate in the international loan markets.

The Board of the new company will comprise Mr. J. H. Jennings, as chairman and managing director, Mr. W. T. Wilson, chief general manager of the Bank of Bermuda, as deputy chairman, Mr. J. A. Hawkins, Mr. A. C. Storkey, and Mr J. E. Lynn as managing director. The company's address is 1007 Hutchison House, Harcourt Road, Hong Kong.

● MAIBL is a British bank owned by Midland Bank Limited (45 per cent.), the Toronto Dominion Bank (26 per cent.), Standard Chartered Bank (19 per cent.) and the Commercial Bank of Australia (10 per cent.). The Bank of Bermuda is the largest publicly owned Bermuda bank.

First half setback at Kawai Musical

KAWAI MUSICAL Instrument Manufacturing Company, Japan's second largest maker of pianos and electronic organs, has announced a fall in net profits for the half-year to November 30 to Y1.3bn., from Y1.5bn. in the same period of the previous year.

AP-DJ

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Rally extended by 1.9 at mid-day

BY OUR WALL STREET CORRESPONDENT

NEW YORK, Jan. 18.

YESTERDAY'S RALLYING movement on Wall Street continued this morning in moderate activity, reflecting the strengthening dollar abroad and stabilising interest rates at home.

The Dow Jones Industrial Average, after Tuesday's recovery of 7 points, was 1.91 higher at 780.93 at noon, while the NYSE All Common Index picked up 16 cents more to $49.83. Gains led losses by a three-to-one ratio. Trading volume expanded to 11.24m. shares from 10.11m. at mid-day yesterday.

Closing prices and market reports were not available for this edition.

Support was also traced to investor anticipation that President Carter will say something favourable for the market in his State of the Union address to-morrow and in his economic message on Friday.

Bausch and Lomb rose 2¼ to $45¾ on the company announcing preliminary merger talks with Revlon.

Republic Steel, after sharply higher fourth-quarter but lower year earnings, put on ⅜ to $23⅞.

On the actives list, Zapata fell 1⅛ to $17⅜. Crane, up ¼ at $25¼, has acquired an 8.6 per cent. stake in the company. Marshall Field, also active, advanced 1⅜ to $31⅞.

International Paper improved ⅜ to 40⅞ and Georgia-Pacific picked up ¼ to $25¼, both in response to higher profits.

Bank of America, on better earnings, added ¼ at $21⅝, while R. L. Burns, with one of the five best percentage gains, jumped 1⅜ to $12.

THE AMERICAN SE Market Value Index recovered 0.24 further to 120.86 at noon on volume of 0.92m. shares (0.80m.).

Allied Artists, the volume leader, hardened ⅛ to $2⅛, but Salem came back $⅜ to $15⅛.

Dome Petroleum rose $⅞ to $55¼ and Home Oil "A" $¼ to $40⅞—both were successful bidders at Tuesday's Alberta oil and gas lease sale.

TUESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Exxon	330,800	43½	−⅛
Middle South Utils.	233,700	16½	−⅛
Verex	224,200	24½	+⅛
General Electric	212,900	46⅞	−⅛
Budd	186,400	31½	—
General Motors	178,100	59½	+⅛
Std. Oil of California	169,900	35	+⅛
Sthn. Calif. Edison	169,700	26	+⅛
Pepsico	168,100	25½	+⅛
Zapata	166,100	18⅞	+⅛

OTHER MARKETS

Canada firmer

A firmer tone prevailed on Canadian Stock Markets in moderate early activity yesterday. The Toronto Composite Index added 1.5 at 1,008.5 at mid-day, while Oils and Gas improved 6.8 to 1,360.1 and Banks 0.27 to 230.61. Golds, however, relinquished 17.0 more to 1,357.3.

PARIS—Market was mixed but with a firm bias after the recent downtrend.

Usinor again rose the day's limit, ending 2.9 higher at Frs.22.0 following the promise of further State help for the steel industry.

Banks, Foods and Motors improved, but Chemicals and Constructions were easier on balance. Engineering and Electricals were irregular.

L'Oreal advanced 19 to Frs.511, Legrand 24 to Frs.1,369, and BIC 12 to Frs.509.

BRUSSELS—Price movements were again rather mixed following a more active business.

Petrofina put on 55 to B.Frs. 3,730 and Intercom 30 to B.Frs.1,840, but Vieille Montagne receded 24 to B.Frs.1,476 and Arbed 30 to B.Frs.2,070.

AMSTERDAM—Stocks put on a mixed performance in light trading.

KNSM rose more than Fls.6 on the company declaring that it is not pessimistic about 1978 prospects—there was a first-half net loss in 1977. Other Shippings were generally firm in sympathy.

Elsewhere, Algemeine Bank gained Fls.2 and Pakhoed Fls.3, but KLM lost Fls.2.

GERMANY—Easier for choice following profit-taking and weaker foreign demand.

Banks in the mortgage business were higher, but other Banks eased, with Bayerische Vereinsbank notable for a loss of DM.4.0.

Chemical shares closed up on DM.1.1 firmer, as in BASF. Stores were also higher, but Electricals and Utilities weakened. Motors and Engineerings were mixed.

Public Authority Bonds had a predominance of gains. The Regulating Authorities sold DM11m. nominal of paper after buying DM1.9m. the previous day. Mark Foreign Loans were steady in calm trading.

SWITZERLAND—Shares gained ground over a wide front, bolstered by the U.S. dollar's recovery.

Financials had Electrowatt 35 up at Sw.Frs.1,675 while, in leading Industrials, BBC "A" rose 50 to Sw.Frs.1,675 on active demand.

Domestic Bonds were higher, but Foreign Bonds retreated.

SPAIN—Selling pressure continued, lowering the General Index 0.67 more to 95.61.

However, El Aguila met demand and rose 3 points to 69.

VIENNA — Selectively higher, with Veitscher Magnesit up 3 more at 233 on good demand.

MILAN — Mostly higher in rather nervous and fairly quiet trading.

Montedison rose 5.75 to L147.75 on rumours of foreign buyer interest.

Fiat moved up 36 to L1,908 and Pirelli 63 to L1,958, but Snia Viscosa were 9 lower at L400.

JOHANNESBURG—Gold shares declined on the lower Bullion price and profit-taking, with the latest quarterly results having already been discounted.

Financial Minings eased in line with producers, although against the trend, Johnnies rose 50 cents on the strength of the Platinum market.

Elsewhere, De Beers lost 10 cents to R5.60.

Industrials eased in places, Barlow Rand shedding 6 cents to R3.52.

HONG KONG—The market rally was taken a stage further, although trading was quiet and profit-taking trimmed gains near the close.

Jardine Matheson rose 30 cents to $HK11.70, while Hong Kong Bank, Swire Pacific and Hong Kong Land gained 10 cents each to $HK16.60, $HK5.40 and $HK6.60 respectively. Hutchison Whampoa, $HK3.55, and Wheelock Marden, $HK2.125, rose 5 cents a piece.

TOKYO—Market mainly improved in active trading, helped by the overnight recovery on Wall Street and the yen's recent stability against the U.S. dollar. The Nikkei-Dow Jones Average rose 24.19 to 5,063.11, with volume amounting to 310m. shares (210m.).

Export-orientated issues, including Electricals and Motors, strengthened, led by Honda, up Y31 at Y514.

Toyota Motor rose Y33 to Y815, Sony Y70 to Y1,900, and Pioneer Electronic Y60 to Y1,470.

AUSTRALIA—Shares continued in mixed vogue in dull trading.

Reckitt and Colman featured firmly again, rising another 25 cents to $A3.85. ICI Australia improved 3 cents to $A2.05 and Myer put on 2 cents more to $A1.93, while Banks had ANZ 2 cents harder at $A3.42. However, Elder Smith declined 5 cents to $A1.90 and EZ Industries 8 cents to $A2.00.

Among weaker Uraniums, Pancontinental shed 20 cents to $A11.80 while, in mainly steady Coals, Utah eased 5 cents to $A3.15. Consolidated Goldfields receded 10 cents to $A2.40.

Indices

NEW YORK —DOW JONES

	Jan. 17	Jan. 16	Jan. 13	Jan. 12	Jan. 11	Jan. 10	1977-78 High	1977-78 Low	Since compilation High	Since compilation Low
Industrial	779.02	771.74	775.78	778.16	776.90	781.58	999.75 (3/1/77)	771.74 (16/1/78)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds*	89.82	89.75	89.69	89.70	89.89	90.16	95.87 (7/9)	89.62 (17/1/78)	—	—
Transport	209.19	207.69	208.17	207.64	205.68	206.74	246.64 (13/5)	199.60 (25/10)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	106.73	106.58	106.63	106.46	106.60	107.04	118.67 (22/2)	104.97 (25/2)	165.32 (20/4/69)	10.58 (28/4/42)
Trading vol 000's †	19,560	19,760	18,010	25,750	22,980	25,180	—	—	—	—

* Basis of index changed from August 24.

Ind. div. yield %	Jan. 13	Jan. 6	Dec. 30	Year ago (approx.)
	5.93	5.80	5.83	4.21

STANDARD AND POORS

	Jan. 17	Jan. 16	Jan. 13	Jan. 12	Jan. 11	Jan. 10	1977-78 High	1977-78 Low	Since Compilat'n High	Since Compilat'n Low
‡Industrials	98.96	98.44	98.74	98.88	98.75	99.27	118.92 (3/1/77)	98.44 (16/1/78)	154.64 (11/1/73)	3.52 (30/6/32)
§Composite	89.88	89.45	89.69	89.82	89.74	90.17	107.00 (3/1/77)	89.45 (16/1/78)	125.85 (11/1/73)	4.40 (1/6/32)

	Jan. 11	Jan. 4	Dec. 28	Year ago (approx.)
Ind. div. yield %	5.18	4.96	4.90	3.77
Ind. P/E Ratio	8.65	9.01	9.13	11.21
Long Govt. Bond yield	8.19	8.04	8.02	5.81

N.Y.S.E. ALL COMMON

Jan. 17	Jan. 16	Jan. 13	Jan. 12	1977-78 High	1977-78 Low
49.67	49.49	49.57	49.80	57.07 (4/1/77)	49.40 (16/1/78)

Rises and Falls

	Jan. 17	Jan. 16	Jan. 13
Issues traded	1,843	1,869	1,838
Rises	923	456	747
Falls	490	960	605
Unchanged	430	453	486
New Highs	9	4	—
New Lows	61	93	—

MONTREAL

	Jan. 17	Jan. 16	Jan. 13	Jan. 12	1977-78 High	1977-78 Low
Industrial	186.25	186.18	186.59	187.05	188.47 (17/8)	158.02 (26/10)
Combined	—	172.58	176.30	176.41	187.95 (19/1/77)	165.60 (25/10)
TORONTO Composite	1007.0	1004.0	1003.8	1005.6	1067.4 (19/7)	961.0 (26/10)
JOHANNESBURG Gold	210.8	210.3	208.8	211.4	214.7 (17/10)	159.4 (24/6)
Industrials	212.2	211.5	211.6	211.8	214.4 (4/1/78)	169.1 (22/4)

	Jan. 18	Previous	1977-78 High	1977-78 Low
Australia (¶)	464.65	464.50	479.43 (5/1/78)	414.85 (16/2)
Belgium (|)	91.73	91.23	99.12 (10/1/77)	90.43 (12/1/78)
Denmark (**)	95.80	96.01	107.92 (9/6)	95.54 (24/11)
France (††)	51.9	51.9	58.4 (7/1/77)	43.5 (10/6)
Germany (‡‡)	802.5	807.0	813.5 (17/11)	712.5 (10/3)
Holland (§§)	80.6	80.9	93.2 (4/6)	75.6 (29/9)
Hong Kong (**)	397.06	392.57	425.17 (11/6)	383.44 (13/1/78)
Italy (||)	66.29	66.30	73.71 (6/1/77)	64.90 (22/12)
Japan (a)	377.31	375.26	390.93 (29/9)	350.49 (24/11)
Singapore (b)	262.79	262.66	268.02 (29/8)	242.28 (3/5)

	Jan. 18	Previous	1977-78 High	1977-78 Low
Spain (d)	95.61	96.28	100.00 (31/12)	95.61 (18/1/78)
Sweden (e)	350.32	348.29	416.83 (22/5)	338.88 (24/11)
Switzerl'd (f)	304.3	301.2	312.8 (14/10)	280.0 (5/5)

Indices and base dates (all base values 100 except NYSE All Common — 50 Standards and Poors — 10 and Toronto 300-1,000, the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Inds., 40 Utilities, 40 Finance and 20 Transport. (¶) Sydney All Ord. (|) Belgian SE 31/12/63. (**) Copenhagen SE 1/1/73. (††) Paris Bourse 1961. (‡‡) Commerzbank Dec., 1953. (§§) Amsterdam Industrial 1970. (¶¶) Hang Seng Bank 31/7/64 (||) Milan 2/1/73. (a) Tokyo New SE 4/1/68. (b) Straits Times 1966. (c) Closed. (d) Madrid SE 31/12/77. (e) Stockholm Industrial 1/1/58. (f) Swiss Bank Corp. 31/12/58. (u) Unavailable.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM50 denom. unless otherwise stated. ♥ Ptas.500 denom. unless otherwise stated. ♣ Kr.100 denom. unless otherwise stated. Φ Frs.500 denom. and Bearer shares unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. $ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs: including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. ÷ Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £—75% (72%).

GERMANY ◆

Jan. 18	Prices Dm.	+ or —	Div. %	Yld. %
AEG	94.7	+1.5	—	—
Allianz Versich.	490	+7	s18	1.8
BMW	225.2	+0.2	20	4.4
BASF	140.1	+1.1	17	6.1
Bayer	137.0	+0.9	16	5.9
Bayer. Hypo	297.5xd	−0.5	20	3.3
Bayer. Vereinsbk	318xr	−4	20	3.1
CibaInt.Ned.wrts	150	—	—	—
Commerzbank	229.0	−0.5	18	3.9
Conti Gummi	76	−1	—	—
Daimler Benz	315	−1	19	3.0

TOKYO ¶

Jan. 18	Prices Yen	+ or —	Div. %	Yld. %
Asahi Glass	315	−1	14	2.2
Canon	432	+4	12	1.4
Casio	564	−1	25	2.2
Chinon	424	+5	20	2.4

AUSTRALIA

Jan. 18	Aust. $	+ or —
ACMIL (25 cent)	†0.75	+0.02
Acrow Australia	†0.80	......
Allied Mnfg.-Trdg. Indus $1	†2.30	+0.05

Dollar firm

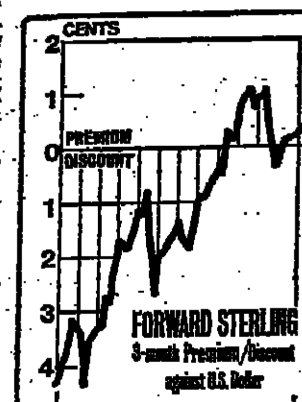
The U.S. dollar remained quite firm in the foreign exchange market yesterday, but generally finished below its best levels against other major currencies. There may have been some nervousness ahead of the State of the Union speech by President Carter, which may account for the dollar's decline when the New York market opened. Earlier in the day there had been a fair demand for the U.S. currency in Europe, and any intervention by central banks was thought to be largely a smoothing operation. The dollar's trade-weighted depreciation, as calculated by Morgan Guaranty of New York, narrowed to 4.47 per cent. from 4.56 per cent.

Fairly heavy selling of French francs pushed that currency down to a low point of Frs.4.7650 in terms of the dollar, before it closed at Frs.4.7512½, compared with Frs.4.7390 previously.

The Swiss franc was slightly weaker against the dollar, finishing at Sw.Frs.2.0175, compared with Sw.Frs.1.9925 on Tuesday, while the Japanese Yen declined to Y242.37½ against the dollar, from Y241.90.

Sterling fared rather better than most currencies overall. It opened at $1.9235-1.9245 in terms of the dollar, and touched a low point of $1.9155-1.9165. Demand for the pound pushed it to a best level of $1.9245-1.9255 in the afternoon, and sterling closed at $1.9240-1.9250, a rise of 5 points on the day. The pound's trade-weighted index, as calculated by the Bank of England, was unchanged throughout at 65.8.

Gold fell $1 to $171½-172½, influenced by the improvement of the dollar.



CURRENCY RATES

	Special Drawing Rights January 17	European Unit of Account January 17
Sterling	0.629249	0.633741
U.S. dollar	1.21080	1.22030
Canadian	1.33140	1.34201
Austria sch.	18.5162	18.6354
Belgian franc	39.8838	40.1956
Danish krone	7.00751	7.06208
Deutschemark	2.58145	2.59887
Dutch guilder	2.74912	2.77117
French franc	5.73072	5.77629
Italian lira	1059.21	1067.36
Japanese yen	292.529	294.967
Norway krone	6.23804	6.29055
Spain peseta	97.7249	98.4909
Swedish krone	5.66897	5.71015
Swiss franc	2.40162	2.41745

EXCHANGE CROSS-RATES

Jan. 18	Frankfurt	New York	Paris	Brussels	London	Amst'd'm	Zurich
Frankfurt	—	2.1320-40	44.82-45.02	6.445-465	4.096-106	93.45-65	105.70-6.20
New York*	47.01-04	—	21.13-15	3.0370-0440	1.9270-9290	43.99-44.03	50.22-30
Paris	222.58-3.08	4.752-784	—	14.287-421	9.131-151	208.25-75	235.9-6.4
Brussels	15.45-50	33.03-08	6.93-98	—	63.37-53	14.46-50	16.37-43
London	4.10-11	1.9240-50	9.13½-14½	63.60-70	—	4.38¼-39¼	3.87¼-88¼
Amst'dam	106.87-92	2.2807-2832	47.935-985	6.9025-75	4.3815-3865	—	113.47-52
Zurich	94.398-583	20135-65	42.345-463	6.0904-1052	3.8687-8761	88.234-424	—

U.S. $ in Toronto U.S. $ = 110.00-02 Canadian cents.
Canadian $ in New York = 90.89-91 cents. U.S. $ in Milan 874.60-90.
Sterling in Milan 1680.20-1680.60. *Rates for Jan. 17.

EURO-CURRENCY INTEREST RATES*

Jan. 18	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilder	Swiss franc	W. German mark
†short term	6½-6¾	6-7	6¾-7	4-4¼	¼-par	3-3⅛
7 days notice	6⅜-6⅝	6⅞-7⅛	6⅞-7⅛	4-4¼	¼-par	3-3⅛
Month	6⅜-6⅝	6⅝-7	6⅝-6⅞	4⅛-4⅜	½-⅝	2¹¹⁄₁₆-2¹³⁄₁₆
Three months	6⅝-6⅞	6⅞-7¼	7⅛-7⅜	4⅛-4⅜	⅞-1	2¹³⁄₁₆-2¹⁵⁄₁₆
Six months	6⅞-7⅛	7⅛-7⅜	7⅝-7⅞	4⅛-4⅜	1⅜-1½	3-3⅛
One year	7¹⁄₁₆-7⁵⁄₁₆	7⅜-7¹¹⁄₁₆	7¾-8	4½-4⅝	2¹⁄₁₆-2³⁄₁₆	3⅜-3⅝

Euro-French deposit rates: two-day 8¾-8⅞ per cent.; seven-day 9⅛-9½ per cent.; one-month 10¾-10⅞ per cent.; three-month 12¼-12⅝ per cent.; six-month 12¹³⁄₁₆-13³⁄₁₆ per cent.; one year 13-13½ per cent.

Long-term Eurodollar deposits: two years 8-8¼ per cent.; three years 8¼-8⅝ per cent.; four years 8½-8⅝ per cent.; five years 8½-8¾ per cent.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 7.09-7.10 per cent.; three-month 7.20-7.30 per cent.; six-month 7.45-7.55 per cent.; one-year 7.75-7.85 per cent.

* Rates are nominal closing rates.

Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two days' notice for guilders and Swiss francs.

GOLD MARKET

	Jan. 18	Jan. 17
Gold Bullion (a fine ounce)		
Close	$171½-172½	$172½-[illegible]
Opening	$172¼-173	$173½-[illegible]
Morning fix'g	$172.30 (£89.740)	$174.20 (£90.446)
Aftern'n fix'g	$171.95 (£89.441)	$172.95 (£89.98[illegible])
Gold Coins domestically		
Krugerrand	$177½-179½ (£92¼-93¼)	$178-18[illegible] (£93-94)
New Sov'gns	$53-55 (£27½-28½)	$53-55 (£27½-28[illegible])
Old Sov'rgns	$52-54 (£27-28)	$52-54 (£27-28)
Gold Coins Internat'lly		
Krugerrand	$177½-179½ (£92¼-93¼)	$178-18[illegible] (£92½-93[illegible])
N'w Sovr'gns	$53-55 (£27½-28½)	$53-55 (£27½-28[illegible])
Old Sovr'gns	$52-54 (£27-28)	$52-54 (£27-28)
$20 Eagles	$254¾-257¾	$255-258

FOREIGN EXCHANGES

Jan. 18	Bank Rates %	Day's Spread	Close
New York	6½	1.9155-1.9255	1.9240-[illegible]
Montreal	7½	2.1150-2.1175	2.1150-[illegible]
Amsterdam	4½	4.36-4.40	4.38¼-[illegible]
Brussels	9½	65.25-65.75	65.60-[illegible]
Copenhagen	9	11.12-11.17	11.14-[illegible]
Frankfurt	3	4.08½-4.12½	4.10-[illegible]
Lisbon	13	77.25-78.25	77.50-[illegible]
Madrid	8	154.80-155.70	155.55-[illegible]
Milan	11½	1,677-1,684	1,682½-[illegible]
Oslo	6	9.92-9.98	[illegible]
Paris	9½	9.11½-9.15	9.13½-[illegible]
Stockholm	8	8.83½-8.84	8.83½-[illegible]
Tokyo	4¼	460-470	466-[illegible]
Vienna	5½	28.35-28.55	28.40-[illegible]
Zurich	1½	3.82-3.88	3.87½-[illegible]

‡ Rates given are for convertible francs. Financial franc 63.55-63.75.

OTHER MARKETS

		Notes Rates	
Argentina	1191 25-.43	Argentina	[illegible]
Australia	1.6911 1.6981	Austria	[illegible]
Brazil	38.64-38.84	Belgium	[illegible]
Finland	7.88-7.89	Brazil	[illegible]
Greece	69.849 70.546	Canada	[illegible]
Hong K'ng	8.845-8.875	Denmark	[illegible]
Iran	128-135	France	[illegible]
Kuwait	0.535-0.545	Germany	[illegible]
Luxemb'g	65.60-65.70	Greece	[illegible]
Malaysia	4.5475-4.5875	Italy	[illegible]
N. Zealand	1.8725-1.8	Japan	[illegible]

هكذا من الأصل

FARMING AND RAW MATERIALS

...in market ...dvance ...alted

...ohn Edwards, ...nodities Editor

...RTHER advance in tin ...proved short-lived on the ... Metal Exchange yester... ...alues rose in the morning, ...aged by a rise in the ... market overnight, and a ... tone in sterling against ...lar, both of which brought ...eculative buying interest ...oversold market.

...ver, trade-selling emerged ...her levels and the three ... quotation, after reaching ... a tonne at one stage, fell ...o £6,260 in late kerb ... moving still lower in ...ours dealings.

...e is no news yet of pro... ...at the International Tin ... meeting in London on ...ers' demands for a sub... ... rise in the Tin Agree... ...price ranges.

...et values are still well ... the agreement "ceiling" ...,500 a picul, but there is ...rable nervousness about ...ssibility of releases from ...S. stockpile filling the ...ll between production and ... this year.

...he copper market the ...nt influence was moves ... producers to seek protec... ...gainst imports from the ...the world. This triggered ...stantial arbitrage business ...n New York and the ... market. Cash wirebars ...£3.25 up at £656.25 a tonne.

...ocoa price at ...-month low

...ur Commodities Staff

... FUTURES prices fell to ...west levels since October ...esterday with the May ... closing at £1,558 a ... down £16.5 on the day. ...harpest fall was in the ... March position which fell ...he £40 limit at one stage. ...usiness resumed after the ...ory 15-minute break in ... however, prices re... ... somewhat and March ...nded the day £29 down on ...

...ers said "bearish" senti... ... the morning was based ... on chart and fundamental ...ions for mid-1978. Cocoa ...have been under pressure ...e time as dealers assess ...nificance of the large sur... ...supply over demand fore... ... the current season.

...IVE OIL FLOOD

MILAN, Jan. 18.

...n olive oil yield in 1977 ...isionally estimated 56 per ...igher than 1976 at about ... tonnes. The state market... ...ard IRVAM said the olive ...as some 2.8m. tonnes, or ... cent. up on 1976.

Compromise plan may end EEC fish deadlock

BY MARGARET VAN HATTEM — BRUSSELS, Jan. 18.

COMMON MARKET Fisheries Ministers concluded three days of intensive talks here to-night amid cautious optimism that a new Common Fisheries Policy may yet be negotiated before the end of the month.

Much depends on whether Mr. John Silkin, the U.K. Minister of Agriculture and Fisheries, is able to win support for a proposal to control fishing operations within 50-mile coastal zones by means of "fishing plans." These plans, as yet only vaguely defined, would leave ultimate responsibility for fisheries management in Community waters with the Commission while allowing the coastal States to retain a certain amount of control.

The suggestion of "plans" which was originally put forward by Mr. Brian Lenihan, the Irish Minister, aims to reconcile the position of Britain and Ireland—whose Ministers have been insisting on control over fishing operations within 50 miles of their coastline—with that of Denmark, Germany, France and Holland, who insist that such preference is against the non-discrimination principles of the EEC.

Mr. Silkin is to make a statement on the issue in the House of Commons to-morrow. But British fishermen, who to-night roundly condemned the compromise formula, are planning to make strong representations to MPs beforehand.

The Agriculturalists' Federation in Rome said yesterday that Italy plans to seek a 6 per cent. devaluation of the "green lira" at a meeting of EEC Agriculture Ministers in Brussels next week. But officials claimed this was not enough to compensate for the recent drop in the lira against major European currencies.

For some sectors particularly hard hit by the drop in the lira's exchange value and the consequent increase in compensatory amounts — import subsidies and export taxes on farm produce—a 10 per cent. devaluation of the green lira was needed, the federation said.

Mr. Ian Wood, Scottish vice-president of the British Fishing Federation said fishing plans would never ensure Britain the degree of control necessary to protect fish stocks.

"We want Britain to get out of these negotiations and, with some form of Cabinet backing, to take unilateral measures," he said.

Mr. Silkin, who has come under heavy pressure from the Commission, the presidency and several member States during the past three days, faces an extremely delicate situation at home where withdrawal of Liberal support for the Government on this issue is considered a distinct possibility.

Speaking after the talks ended to-night, Mr. Silkin said the position would be clarified at an unofficial meeting later this month. He gave no details but it is known that the Ministers will all be present at the "Green Week," organised by the German Government in Berlin, next week, and are expected to meet informally on January 27.

"This meeting will be the crunch meeting," Mr. Silkin said. "All the political questions have come to the fore, and we will know then whether we have a common fisheries policy or not. If there is no agreement, we will revert to national conservation measures."

Ministers agreed to-night to resume formal talks, in Brussels on January 30 under the presidency of Mr. Poul Dalsager, the Danish Minister. It is widely expected that talks at this meeting will be mainly a formality giving official status to whatever is decided in Berlin.

Australian clip near 20-year low

BY OUR OWN CORRESPONDENT — CANBERRA, Jan. 18.

WORLD WOOL availability will be down by nearly 6 per cent. in 1977-78, with demand remaining subdued and strong competition continuing from other fibres, the Australian Bureau of Agricultural Economics forecast to-day.

Total Australian greasy wool production is predicted to fall to 668m. kg., nearly 5 per cent. below last season and the smallest clip for 20 years. This, combined with a sharp decline in total world wool stocks, accounts for the Bureau's availability forecast.

The volume of Australian wool exports is expected to be 21 per cent. below last financial year. Returns, estimated at $A1,294m. (£762m.), are likely to be 18 per cent lower than in the last season.

The Bureau reduced its forecast of exports in the 1977-78 season (July-June) to 530m. kilos greasy, from its prediction of 540m. in September and 675m. kilos in 1976-77.

The number of sheep shorn is expected to decline because of a 9 per cent. fall in sheep numbers and a small decrease in average cut per head, it said.

Auction sales in the six months to December 31, 1977 fell to 1.69m. bales compared with 1.9m. in the same period last year.

The National Council of Wool Selling Brokers said total proceeds fell slightly to $A487.5m. from $A491.4m., while the average price rose to 188.10 from 175.59 cents a kilo.

EEC farm import protest

BY OUR OWN CORRESPONDENT — CANBERRA, Jan. 18.

LEADERS OF seven major Australian farmers' organisations have disclosed that they are considering pressing the Government to take retaliatory action against the European Community's curbs on agricultural imports.

At a meeting here between farmers' representatives and M. Bernard Auberger, director of marketing and international relations of the French Ministry of Agriculture, the Australian delegation presented a joint statement to him deploring the shutting out of traditional exporters to Europe. It also attacked the EEC "dumping" of surplus products such as beef and skim milk powder on markets outside Europe, to which Australian producers had been forced to turn.

The statement said that one farm organisation had considered an embargo on imports of European motor vehicles, describing it as an action which "would harmonise very well with aspirations of our own motor industry (the largest Australian private sector employer) for greater national self-sufficiency in vehicles."

Another suggestion being considered was denial of landing rights for Concorde.

Sugar price at five month high

By Our Commodities Staff

THE LONDON daily price for raw sugar was set yesterday at its highest level since last August—up £2 at £114 a tonne. Futures prices fell by almost £1a tonne during early trading, but recovered later in the afternoon and closed 10p to 50p a tonne higher on the day.

Traders were said to be encouraged by a reduction in the maximum rate of export subsidy granted at the EEC's weekly sugar export tender.

The Commission in Brussels cleared 58,615 tonnes of white sugar for export with a maximum rebate of 21.778 units of account a tonne, against 58,500 tonnes last week. Subsidy was 21.899 units of account a tonne.

Reuter reports from New York that traders there claimed the Chinese had recently bought "a sizeable tonnage" of raw sugar for shipment later this year.

According to the group of Caribbean and Latin American sugar exporting states known as Geplacea, China is expected to buy 1m. to 1.5m. tonnes of sugar in 1978—slightly less than last year.

The Dutch beet crop of 1977 is now expected to produce 890,000 tonnes of white sugar compared with original estimates of 800,000 tonnes.

Lower palm oil shipments forecast

A DECLINE of around 60 per cent. in crude palm oil shipments out of Malaysia is expected over the next few months. This forecast is based on continuing poor production due to adverse weather, particularly during the latter part of 1977, reports Reuter.

Sime Derby Commodities, said some Malaysian plantations were reporting crude palm oil production falls of around 12.5 per cent. and deliveries to local mills were behind schedule. This would affect shipments during February and March with a probable 50 per cent. to 60 per cent. fall in the monthly average of about 60,000 tonnes.

The shortage of crude palm oil in Malaysia has been emphasised by the repurchasing by producer sellers of previously sold contracts to Europe at regular intervals due to higher prices obtainable on local markets.

In Kuala Lumpur, dealers said prices on the Malaysian palm oil market were generally easier in line with the overnight closing levels of Chicago and Rotterdam.

NFU ANNUAL MEETING

Angry farmers mass for the assault

BY CHRISTOPHER PARKES

LONDON WILL ECHO to the din of rural protest early next week. On Monday Mr. John Silkin, Minister of Agriculture, will be confronted by the assembled hordes of the Tories, Liberals, the Scottish Nationalists and even Plaid Cymru, all of whom—the Opposition claims—will be clamouring for a devaluation of the "green pound."

This magical measure would lead first to a pay rise for farmers, who managed to beat the national average last year by maintaining their real incomes at 1976 levels. It will also add another percentage point or so to the index of food price inflation.

Then on Tuesday, in contrast with the twitterings of the incensed and simply ill-informed in the Commons, Central Hall, Westminster — just across the road from Parliament — will resound once more with the roars of the assembled delegates at the National Farmers' Union annual meeting.

And they promise to be in a really ugly mood.

The first 13 resolutions on their agenda, either singly or *en masse*, amount to a direct assault on the way Mr. Silkin and his Government colleagues have been handling British agriculture.

Bureaucratic

Resolutions 14 and 15 come next, banging a straight left and a right hook into the bureaucratic flab of the European Commission in Brussels.

"This annual general meeting is dismayed by the increasing volume of useless regulations and directives which are being dreamed up by the bureaucracy in Brussels without adequate knowledge of, or consultation with, the industries involved," booms something or somebody dubbed "Poultry Region 4" in its proposal for resolution No. 15.

And then it's straight back into the fray with the Government once again, the farmers berating Mr. Silkin and his crew for alleged mismanagement of farming.

Of course, Mr. Silkin may yet steal the thunder of the Commons and defuse some of the NFU's resolutions and announce plans for a devaluation before the storm breaks. He could fix up a devaluation of the "green pound" in no time. It would simply entail a nod to Commissioner Finn Gundelach and a whisper of the percentage adjustment he was prepared to accept. Then, barring a catastrophic and unprecedented upset, approval would follow *molto presto*.

But the Minister has problems closer to home. There is a powerful group within the Cabinet which insists that controls over prices should not be relaxed.

And they point out that since Britain's 200,000 farmers' real incomes remained stable last year, following a 5 or 6 per cent. rise in 1976, compared with a substantial drop for most U.K. workers, there is no justifiable case for a devaluation.

They might also ask, as former Minister Fred Peart once did of a hostile farmers' meeting: "How many of you . . . voted Labour at the last election?" Or will do so at the next?

The National Farmers' Union has been campaigning noisily for months for a devaluation of the "green pound." They want a 12½ per cent. change.

The Tories going into battle on the coat-tails of the EEC Commission, say they want to start a progressive removal of the whole "green currency" structure — monetary compensatory amount subsidies and all—with a 7½ per cent. devaluation. This tallies roughly with a proposal recently floated out of Brussels.

The Liberals, ever perverse, want 10 per cent. Mr. Silkin wants 5 per cent. at the most, and is probably prepared to be beaten down to 3 per cent. by the opposition within his own party.

Haggling

Indeed, it would probably suit his purposes well for a devaluation (a change this spring has been expected for some months) to be got out of the way before the real haggling begins in Europe over the New Year price review. It is Mr. Silkin's ambition during his stay in the Ministry of Agriculture to see real progress made towards reductions in the support prices for those products in surplus—mainly dairy products, beef, sugar and grains.

With most of his own farmers' immediate complaints cleared out of the way, he would then be able to focus his mind and his energies entirely on this key project.

● The annual meeting of the National Farmers' Union will open at Central Hall, Westminster, next Tuesday, January 24 at 10 a.m., continuing until Wednesday lunchtime. The annual dinner will be held at the Hilton Hotel on Tuesday evening.

Main speaker will be Mrs. Margaret Thatcher, MP, leader of the Opposition.

Bigger U.S. wheat exports predicted

WASHINGTON, Jan. 18.

U.S. WHEAT exports this year should be at least 1.1bn. bushels, according to Mr. Bob Bergland, the U.S. Agriculture Secretary.

He told the annual meeting of the National Association of Wheat Growers in Wichita that the expected increase over the 950m. bushels exported in 1977 was due to production shortfalls in many areas of the world. The Agriculture Secretary also noted that the U.S. grain trade was forecasting an even higher figure. The U.S. authorities were taking steps to promote and expand world markets on a permanent basis, he added.

In Chicago meanwhile, the "American Agriculture" farmers' group said a plan to raise grain prices by ploughing under or setting aside acreage had got off to a slow start. Snow and frozen ground had so far prevented the carrying out of these plans.

Mr. Doug Melcher, co-ordinator of the plan, said it had received good support from farmers who planned to destroy or keep off the market 50 per cent. of their wheat yield.

The plan involves ploughing up 5 per cent. of the acreage per week over a ten-week period. Mr. Melcher said the farmers would attempt to increase next week's percentage to compensate for the shortfall this week and keep the wheat elimination plan on target.

The group is also asking farmers to make cuts in their intended plantings of spring crops.

The group will ask Mr. Bergland for a national grain audit to substantiate claims of oversupply, Mr. Melcher said.

He said "American Agriculture" doubted whether grain supplies were as large as had been reported. He also doubted whether current low price levels could be justified.

...MMODITY MARKET REPORTS AND PRICES

...SE METALS

...ER—Higher on balance on the ... Metal Exchange but forward ...ould not maintain its opening level ... Trade and back price selling ... slide to £866 but when Comex ...nchanged the price lifted to £870. ...owever, arbitrage dealing with ... London and buying on Comex, ... following news of the U.S. copper producers' moves to gain tariff protection, led to a close on the Kerb of £866. Turnover 13,350 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £653, three months £668, 67, 66.5, 68, 68.5. Cathodes, cash £652.5. Kerb: Wirebars, cash £653.5, three months £666.5, 67. Afternoon: Wirebars, cash £657, three months £670, 69.5, 70, 69, 69.5, 69. ...

... to close on the Kerb at £6,260 and moved lower afterwards in inter-office dealings. Turnover 1,930 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6350-60	+122	6290-300	—7.5
3 months	6350-60	+115	6290-300	......
Settlem't	6360	+125	—	......

COFFEE

In very restricted trading London opened as expected unchanged, reports Drexel Burnham Lambert. Prices remained static for most of the session with the bottom £48 to £12 lower on the day and no fresh physical news.

PRICE CHANGES

Prices per tonne unless otherwise stated.

U.S. Markets

NEW YORK, Jan. 17.

Cocoa—March 140.10 (143.35), May 128.25 (131.15), July 124.00, Sept. 121.65, Dec. 118.75, March 116.75, May 115.10. Sales: 1,808 lots.

Coffee—"C" Contract: March 199.50 (201.25), May 185.25 (187.11), July 175.00 ...

...content elf St. Lawrence 395¼ (395¾).

All cents per pound ex-warehouse unless otherwise stated. $s per troy ounce—100 ounce lots. † Chicago loose $s per 100 lbs.—Dept. of Ag. prices previous day. Prime Steam f.o.b. NY bulk tank cars. ‡ Cents per 56 lb. bushel ex-warehouse, 5,000 bushel lots. § $s per troy ounce for 50 ounce units of 99.9 per cent. purity delivered NY. ¶ Cents per troy ounce ex-warehouse. ‖ New "B" contract in $s a short ton for bulk lots of 100 short tons delivered f.o.b. cars Chicago, Toledo, St. Louis and Alton. ** Cents per 60 lb. bushel in store. †† Cents per 24 lb. bushel. ‡‡ Cents per 48 lb. bushel ex-warehouse. §§ Cents per 56 lb. bushel, ex-warehouse, 1,000 bushel lots.

FINANCIAL TIMES

Jan. 17	Jan. 16	Month ago	Year ago
232.97	234.00	237.47	256.63

(Base: July 1, 1952=100)

REUTER'S

Jan. 18	Jan. 17	Month ago	Year ago
1415.7	1415.2	1415.7	1605.8

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	Jan. 17	Jan. 16	Month ago	Year ago
Spot	347.57	349.36	355.18	382.79
Futures	336.87	338.68	325.44	375.27

(Average 1924-25-26=100)

MOODY'S

Moody's	Jan. 17	Jan. 16	Month ago	Year ago
Sple Commodity	899.9	895.7	885.2	878.1

(December 31, 1931=100)

GRIMSBY FISH—Supply poor and demand good. Prices per stone at ship's side (unprocessed): Shelf cod £5.00-£5.40, codlings £3.30-£3.50; large haddock £5.00, medium haddock £4.00-£4.50, small haddock £3.10-£3.30; large plaice £4.70, medium plaice £3.50-£4.30, best small plaice £3.50-£4.00; skinned dogfish (large) £7.00, medium £5.00; lemon soles (large) £10.00, medium £7.00.

THAILAND RUBBER REPLANTING RISE

BANGKOK, Jan. 18.

The area to be replanted to rubber in 1978 will rise to 120,000 acres from 100,000 acres last year, Slearmlart Wasuwat, director of Thailand's Rubber Division, said to-day.

In the next four years, replanting will be maintained at 120,000 acres per year. New rubber strains have been introduced in Thailand since 1961 and so far about 450,000 acres have been replanted, he said. Reuter

Awaiting a verdict on the film industry

BY CHRISTOPHER DUNN

SIR JOHN TERRY: no more money for films before March 31

THE ACTION Committee on the British Film Industry, set up by the Government two years ago and headed by Sir Harold Wilson, to-day is due to deliver its interim report on the state of the industry. It will do so against the background of a declaration by the National Film Finance Corporation, which has been struggling to finance British films for nearly 30 years, that the NFFC has virtually run out of funds.

Writing in this year's annual report, Sir John Terry, managing director of the NFFC since 1958, has stated that, apart from some provisional deals, "no further offers can be made before March 31, 1978."

The structure of the Corporation's relationship with the Department of Trade, which supervises it, lies at the root of the present difficulties: the DoT advances cash to the NFFC at market rates of interest up to a ceiling of £11m. In turn, the Corporation lends to projects which appear commercially viable.

The NFFC is now just a little over £900,000 below its borrowing ceiling. It drew £875,000 from the DoT last year, but had to repay about £700,000 in interest. Only about £226,000 was advanced, for just three films, from the Corporation's own resources. This year's interest payment, of £240,000, has been deferred.

There are some cushions: the Corporation had over £300,000 in cash in its balance-sheet at the end of 1976-77 and it manages, as major partner, a film consortium including nine City institutions which still has £900,000 to lend.

Additionally, the Queen's Speech in November suggested that more money would be forthcoming when it stated that "an increase in the limit on public funds for the NFFC will be proposed before the present limit expires."

But in spite of this indication that actual bankruptcy will always be avoided, it is clear that the NFFC has reached a critical point in a long career of crises and disputes.

Consortium

There was a move to scrap the NFFC completely in the late 1960s. Sir Harold Wilson, then Prime Minister—who had been responsible for setting up the operation as President of the Board of Trade (1947-51)—intervened and the borrowing ceiling was increased by £5m. to £11m.

The incoming Heath Administration froze the allowance in 1970. It then pushed the Corporation into a consortium deal with the City on the grounds that film lending could be highly profitable: not a charge on public funds.

Two years after Labour returned to power, Sir Harold Wilson announced in March, 1976, an immediate advance to the Corporation of £2.3m. But much of this has gone on interest payments.

The NFFC had its heyday during the 1950s. Brought into being originally to save the old British Lion film company from bankruptcy by pumping in £3m. in aid, it grew to help the U.K. film industry as a whole. British Lion finally collapsed in 1954, but during the decade, over £14m. was invested in 483 films. The NFFC's operations were helped by a sophisticated and efficient lending package devised by U.K. banks.

The banks put up 70 per cent. of the cash for a film via a distributor. The NFFC lent 22.5 per cent., using either cash flow or bank borrowing. The producer chipped in with 7.5 per cent., providing he had the cash. A "completion guarantee" insured against a cost over-run on production. Security for the banks on the lending was a "recoupment guarantee" offered by the distributors, which promised loan repayment within 18 months, whether or not the film made money.

The recoupment clause virtually ensured that once a film had been made it would be shown on the cinema circuits. The cinema in those days was still a mass medium, so losses on films once they got onto the circuits tended to be small. A measure of the banks' confidence in the package was that they categorised their advances as ordinary lending.

Clearly the NFFC, by putting up a vital 22.5 per cent. as a Government agency, also impressed the banks. Because the circuits offered good returns, the Corporation could also invest in far more speculative films than its borrowing ceiling suggested.

In the 1950s, the NFFC could borrow up to £6m., although £3m. had been lost already on the British Lion rescue. But gross profits were £1.3m. over the decade and the surplus on interest account was £474,000.

Tax on seats

The Eady levy offered additional security. Devised in 1950 by the Treasury, this is a tax on cinema seats which now raises about £4m. net a year, all of which theoretically is ploughed back into the U.K. film industry.

The cosy and profitable world of the British cinema was changed radically in the 1960s by two factors—the growth in TV and increased investment by U.S. film companies. Guaranteed returns from the circuits waned as they lost their pulling power. "The mass audience moved over to the box," Sir John Terry said.

The Americans arrived in swarms. They were attracted by a number of factors, including lower production costs and the Eady levy. Providing certain residence conditions are fulfilled while a film is being made, the Eady levy can be taken abroad after the film has been completed. By the end of the decade, something like 90 per cent. of finance for British films came from the U.S.

According to Sir John, "the Americans did the NFFC's job for it and did it far more expansively than we could. They identified much new British talent, they had the cash and they were very enterprising."

The American invasion had a number of side effects. As taste changed, it became more difficult to spot winners, and the NFFC lost money on a number of films. Nor did it ever manage to boost its cash flow by backing real blockbusters like the early Bond films, or *Tom Jones*.

"*Dr. No*, the first Bond film, was backed by United Artists who took a chance on what by British standards then was an expensive film—£357,000. Naturally, United Artists reaped the rewards later on—Bond films have been consistently successful. On *Tom Jones*, NFFC agreed to put up part of the cash. But the budget figure was increased at the last moment, the British distributor showed hesitation, and UA stepped in," Sir John said.

U.S. film companies, catering for a world market, introduced a bigger risk element into film making. Films were either big winners or big losers, and far more capital was needed to back a venture.

Easy money went overseas, removing a cash cushion, and the slide started at the NFFC. Between 1960 and 1969, gross profits were £1.7m. but deficits on the interest account reached £1.1m. Trends in profits became far less predictable and this affected lending policies.

Since the U.S. companies had largely taken over the financing of British films, the package organised by domestic banks fell apart. The NFFC pulled out of the scheme whereby it put up 22.5 per cent.: the U.K. distributors stopped including a recoupment guarantee in deals. By the mid-'60s, the banks had reassessed film business as risk capital and changed their lending policies accordingly.

No alternative package has been worked out. Instead, a variety of deals all more or less related to a particular film have grown up. The terms under which NFFC borrows from the DoT have not basically altered. But in 1970 about £2m. in interest payments owing were written off by the Department of Trade, under the Film Act.

Banks tended to lend to the dwindling number of U.K. distributors on a 50:50 *pari passu* basis, if they invested in films at all. NFFC had also managed to get on to a similar basis with distributors by the end of the '60s.

The effects of all these changes emerged in the '70s, heightened by the rapid withdrawal by the U.S. from European film-making in general and investment in the U.K. in particular, partly because American film companies had over-invested heavily in projects.

Deficit

The Corporation has been involved in financing just 39 feature films since 1970, compared with 227 in the '60s. Gross profits have dropped to £860,000 and the deficit on interest account has risen to £1.7m. The lending policy has become very cautious.

Under the consortium—almost the only way the NFFC has had of lending during the last few years—Sir John Terry has stated that the Corporation tried "to select for financing only those film projects which seemed to have a particularly good chance of profitability. The Corporation has had to adopt a tight-fisted policy."

Nevertheless, as members of the consortium have pointed out, even this approach seems to have been unsuccessful. Of the 14 films distributed in the last five years, only two have hit the jackpot (*Stardust* and *Bugsy*

Sir Harold Wilson

Malone). Some have just ab broken even, some have still cover their production loans two have made heavy losses.

This year's annual report c tains the shorthand descript of recent events. Only £5. is now out on loan, compa with £9.2m. owed to the D Provisions for losses total £4.

Lobby group

As the NFFC has gradu lost its financing way in world, various lobby gro have campaigned for a cha in policy. In particular, Corporation is now under p sure to abandon its commer role, drop its financing partn like the distributors, and m cheap films exclusively from own resources.

But if commercial crite were to be set aside—and t would need new legislation— NFFC would have to call for more cash than it receives n Moves to change the borrow ceiling into an annual grant treated with some sceptic bearing in mind what happened at the British F Institute. The BFI receive large and increasing ann grant from the Department Education and Science plans to channel most of growth in its resources int film archive. The grant roughly doubled in the past f years to £2.5m. last year.

Caught between the confl ing pressures of Ameri business methods and th aftermath, a financing form geared to a by-gone m audience, and different fund policies, the NFFC is find survival difficult.

The Wilson Committee, it hoped, may propose some so tions to the Corporation's cri of identity.

STOCK EXCHANGE REPORT

Videspread gains on small buying in oversold markets

hare index recovers 5.4 at 476.3—Bid stocks prominent

Account Dealing Dates

Option			
st Declara-	Last	Account	
ings tions	Dealings	Day	
3 Jan. 12	Jan. 13	Jan. 24	
16 Jan. 26	Jan. 27	Feb. 7	
30 Feb. 9	Feb. 10	Feb. 21	

lew time " dealings may take place 30 a.m. two business days earlier

sudden turn for the better oped in stock markets rday in the late morning. was no change in the back-d news to inspire recent ant buyers, but dealers ently concluded that the fall lt-edged and equities had far enough and prices in sectors made reasonable ess after an uncertain start. wn 0.81 over the two pre-days, the Government ities index picked up 0.26 to on gains to ¼ in short-dated s and to ⅜ in the longer rities; the latter were going de harder late despite some pointment, which produced a wobble in the firmer trend, the near-2 per cent. rise in ge earnings in November n the still sluggish industrial it figures.

ding equities followed the of the Funds and on much ame sort of business—cheap g and bear-covering—ved to close at, or near, the best. Up 5.8 at 3 p.m., the -share index ended at 476.3 gain 5.4 of the 10-point fall last Friday's close. The bear ze in the leaders diverted attention away from the d-line equities which have ed much of the attention tly. This resulted in a fairly fall-off in business as meas-by official markings of 5.128 st a daily average of well 6,000 in the previous nine ig sessions.

bid hopefuls, however, were nent again with some sharp gains, while rises outnum-falls in all FT-quoted es by 9-to-4 in contrast to lay's 2-to-1 majority in r of falls. Fairly widespread gains were registered in the tuaries indices with the All-hardening to 209.24.

y in Funds

laying yet again their sensitivity, Gilt-edged me early uncertainty and late unofficial trading were ing towards the best of the Opening firmness was ved by a reactionary ncy, which often left quota-marginally easier, before st investment demand ed with bear-closing lifted the longs and shorts in thin ig. Announcement of the mber average earnings, ed slightly disappointing by sources, blunted the move-in the late afternoon but in inter-office dealings the n was resumed despite es about the money supply figures which are due to be released to-day. The net result was that several high-coupon longs regained ½, or half of Tuesday's fall, while shorter maturities recovered some two-thirds of that day's losses, which had extended to ⅜. Revived firmness in Corporations brought improvements ranging to ¼, but Southern Rhodesian bonds were selectively offered again and the 6 per cent. 1978-81 reacted 4 points to £58.

Rates for investment currency continued higher as renewed institutional support, needed mainly for the purpose of investment in U.S. securities, impinged on a market again short of supplies. Up to 76 per cent. before meeting with occasional late offerings on arbitrage account, the premium settled a net 3 points higher at 75 per cent. Yesterday's SE conversion factor was 0.7704 (0.7880).

Banks better

Banks closed firm but the volume of business left much to be desired. Barclays added 8 to 343p and Midland 7 to 392p, while Lloyds and NatWest were both 5 dearer at the common level of 290p. Overseas issues continued to reflect investment currency influences. Algemene gained 2¼ to £95¼ and Deutsche a further 2¼ to £97¾. Elsewhere, George Sturla met with renewed support and rose 3 to 14p in Hire Purchases. Insurances were inclined harder in thin trading.

Breweries edged forward in more active trading and Davenport hardened 2 to 81p for a two-day gain of 9 on continuing bid speculation.

In a quietly firm Construction sector, Countryside Properties were noteworthy for a gain of 3 to 38p in response to better-than-expected preliminary results. Elsewhere, Magnet and Southerns edged forward 2 to 190p despite the first-half profits standstill, while light speculative demand in a thin market left Newarthill 5 higher at 170p. Tarmac rose 4 to 140p as did Tunnel B to 267p.

ICI moved narrowly and closed a shade dearer at 336p among Chemicals where Alginate Industries put on 8 to 295p and William Ransom 5 to 145p. Dealings were resumed in Frederick W. Evans following the bid from McKechnie Bros.; the former closed at 58p compared with the suspension price of 28p.

Annual profits below market expectations upset Anglia TV A which slipped 6 to 82p.

Wigfall above bid

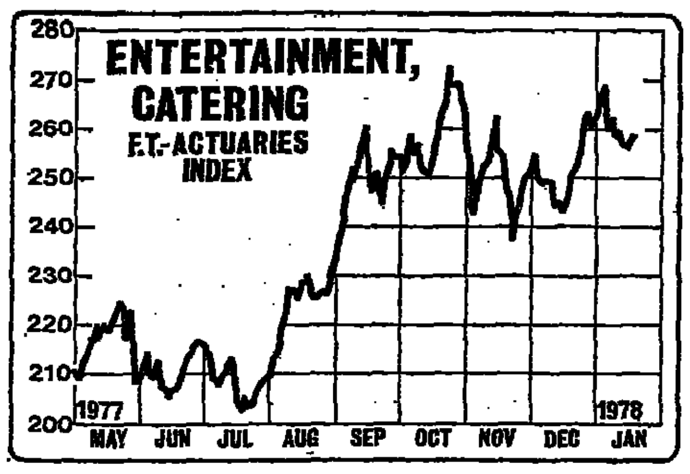
Rejection of the offer worth nearly 241p per share from Comet Radiovision prompted hopes of a counter-bid for H. Wigfall which pushed ahead in a brisk trade to 258p before settling at 254p for a net gain of 9; Comet closed a penny easier at 102p. Elsewhere in the Electrical sector, Racal returned to favour and put on 12 to 218p, while Decca A, at 460p, more than recovered the previous day's loss of 8 which followed adverse Press mention. Other good spots included Automated Security, up 6 at 56p in response to an investment recommendation. On the other hand, United Scientific met with further selling and gave up 6 more to 270p, while Pressac also came on offer at 70p, down 5. Among the leaders, Thorn, a poor market of late on the profits warning, took a distinct turn for the better and regained 12 to 362p. EMI, 182p, and GEC, 263p, gained 4 apiece, while Plessey were 2 dearer at 89p.

A quietly firm trend developed in Stores. Allied Retailers put on 7 to 185p following the better-than-expected interim figures, while Dixons Photographic gained 3 to 158p in front of to-day's first-half results. Forminster rose 5 to 137p in a thin market and improvements of 2½ and 3 respectively were seen in Custo-magic, 17p, and Owen Owen, 74p. Gussies A, 280p, UDS, 89p, and British Home, 209p, hardened 2 apiece among the leaders.

Engineering leaders took a modest turn for the better and Tubes regained 6 to 384p, while Hawker Siddeley rallied 4 to 192p. Interest revived in John Brown which rose 4 to 243p ahead of the results, due shortly. Compensation hopes lifted Vickers 6 to 197p, while Vosper, 163p, and Yarrow, 285p, improved 3 apiece for a similar reason. A revival of speculative demand left Tecalemit 5 dearer at 115p, but Associated Tooling eased 2 to 25½p on the lower half-yearly profits. Camford rallied 3 to 61p and similar improvements were recorded in Amalgamated Power, 126p, Capper Neill, 68p, and Spirax Sarco, 256p. Blakey's (Malleable Castings) hardened a penny further to 44p following rejection of the 41p a share cash bid from Centreway Securities. West Bromwich Spring improved 2 further to 29p on continued demand in a restricted market, while T. W. Ward put on a penny to 63p in response to favourable Press mention.

Bluebird Confectionery continued to figure prominently in Foods, rising 14 more to a 1977/78 peak of 182p on persistent small buying in a restricted market. Associated Fisheries hardened 2 to a 1977/78 peak of 65p to the accompaniment of rumours that Eastern Produce had disposed of its substantial shareholding. J. Bibby improved 7 to 223p, while Geo. Bassett put on 3 to 148p and J. B. Eastwood, a dull market recently on the interim report, steadied to close 2 better at 97p. Rakusen, however, finished marginally easier at 18p on disappointment with the results and dividend omission. Rowntree Mackintosh were on offer at 402p, down 9.

Hotels and Caterers contributed several firm features. Brent Walker rose 5 further to 48p, while Ladbroke, 206p, and Myddleton, 195p, put on 8 apiece. Grand Metropolitan were marginally better at 105½p in front of to-morrow's preliminary figures, while renewed support lifted Adda International 2¼ to 39½p.



Madame Tussauds up

Bid situations, actual or rumoured, dominated proceedings in miscellaneous industrials. Madame Tussauds moved up 5¼ to 64½p on the agreed increased bid of 65p cash per share from S. Pearson, which were unaltered at 193p. Pauls and Whites rose 12 to 138p, after 136p, following speculative buying fuelled by suggestions that Wood Hall Trust, which already owns 28.5 per cent. of the group's equity, may launch a full scale bid: the latter rose 4 to 98p. London Pavilion jumped 55 more to 470p on hopes of a better offer, while Caledonian Associated Cinemas gained 15 to 335p in sympathy. Aggressive speculative support based on take-over hopes helped Liden advance 4 to 20p, while Thomas Marshall and Loxley A were suspended at 35p following news of the bid approach. Eastern Produce, reflecting the firmness of commodity issues, added 7 at 95p and Davies and Newman, at 120p, recorded a Press-inspired improvement of 2. Avon Rubber appreciated 4 to 192p, while Robert McBride hardened 5 more to 365p, mirroring fresh demand in a market short of stock, and Photo-Me put on 6 to 250p. Gestetner A hardened 3 more to 168p following comment on the better-than-expected results. The leaders edged forward in thin trading, with Bowater and Glaxo finishing 3 higher at 177p and 580p respectively.

Components were featured by Turner Manufacturing which jumped 17 to 114p on hopes of an imminent bid from Dana Corporation. Lucas Industries, at 265p, recouped 3 of the recent setback. Motor Distributors remained a lively market and were generally better where changed. Henlys responded to the announcement of substantially increased earnings with a rise of 5½ to 119½p, while small buying in thin markets left W. J. Reynolds, 1½ harder at 23½p, and Glanfield Lawrence, 5 to the good at 35p. Heron Motor eased to 94½p in initial disappointment with the interim figures before rallying to close 2 better on balance at 98p following a good turnover. Higher earnings raised Lookers a penny to 53p.

Bid hopes continued to bolster Wace which improved 2 more to 35p among Paper/Printings. Elsewhere, fresh speculative support lifted Mills and Allen International 5 to 125p, after 127p.

Occasional support left leading Properties leaders a shade higher, but the overall picture was one of small mixed movements. Land Securities edged up 3 to 221p and MEPC 2 to 126p. Stock Conversion were similarly better at 260p following the interim figures and upward revision of the revenue forecast for the full year. Overseas issues made fresh progress, Hongkong Land improving 2 further to 95p and Lend Lease 4 more to 178p.

BP edge higher

Despite a continuing paucity of business, British Petroleum took a modest turn for the better and closed 6 dearer at 810p, while Shell also edged up to close 4 to the good at 510p. Royal Dutch, up ½ further at £37½, were again helped by dollar premium influences, but Siebens (U.K.) encountered scattered selling and gave up 4 to 292p.

Overseas issues in Investment Trusts responded to investment currency influences. International Pacific Securities moved up 5 to 110p, while Argo, 114p, and Jardine Securities, 79p put on 4 apiece.

After a quiet start, business in Shippings picked up and the closing tone was firm. P. and O. Deferred, 114p, and Furness Withy, 345, put on 2 apiece, while John I. Jacobs recorded a speculative rise of 2½ at 41p. W. Runciman improved 4 more to 113p on yield considerations.

Textiles provided the day's most active stock in Courtaulds which, following a broker's circular, met with investment demand in a thin market and improved 3 to 124p.

Imps, 2 up at 79p, provided the only significant movement in Tobaccos.

South African Industrials had an isolated dull feature in Abercom Investments, 4 easier at 90p following adverse Press comment on the company's prospects.

McLeod Russel continued firmly, rising 10 to 212p for a two-day gain of 20 since the announcement that the company had allowed its bid for Malayalam to lapse.

Golds easier

The further decline in the bullion price, which was finally $1 lower at $171.85 per ounce, saw South African Golds marked down marginally at the outset of trading. Thereafter they showed modest falls througout the list, despite the continuing firmness of the investment currency premium.

Heavyweights were rarely more than ½ easier, West Driefontein being that amount off at £17½, while lower-priced stocks showed falls of 11 common to West Rand Consolidated and Blyvoor at 155p and 289p respectively.

Exceptions to the general rule, however, were provided by Durban Deep, 16 firmer at 262p following the reduced December quarter losses, and Randfontein, ½ harder at £31⅞ reflecting the improved working surplus. The Gold Mines index eased 0.8 to 143.1.

The heavy turnover in Platinums again featured other South African issues. Rustenburg touched 80p before closing 2 up on balance at 79p, while Bishopsgate put on 3 more to 73p.

Activity in London-registered Financials was minimal with the notable exception of Rio Tinto-Zinc which climbed 3 more to 179p owing to continuing good investment demand.

Rhodesians, a firm market of late, suffered from nervous selling in front of the resumption of talks aiming to resolve the country's political uncertainty. Falcon Mines gave up 5 at 180p and Wankie Colliery eased a penny to 37p.

Australians were featureless, but elsewhere, Consolidated Murchison rose 10 to 235p as London buyers discounted the December quarter's working loss.

FINANCIAL TIMES STOCK INDICES

—	Jan. 18	Jan. 17	Jan. 16	Jan. 13	Jan. 12	Jan. 11	A year ago
Government Secs.	77.00	76.74	77.46	77.55	77.25	77.27	63.96
Fixed Interest	80.85	80.58	80.71	80.80	80.80	80.58	64.75
Industrial Ordinary	476.3	470.9	474.2	480.9	479.4	487.2	381.6
Gold Mines	143.1	143.9	143.4	139.1	142.4	139.3	110.8
Ord. Div. Yield	5.65	5.71	5.67	5.60	5.60	5.52	5.91
Earnings Y'ld% (full)*	17.19	17.37	17.24	17.03	17.03	16.79	18.32
P/E Ratio (net) (*)	8.25	8.16	8.22	8.32	8.32	8.45	7.99
Dealings marked	5,128	6,194	6,474	5,034	5,266	5,978	8,034
Equity turnover £m.	—	68.51	62.93	80.43	76.03	69.25	92.88
Equity bargains total	—	13,225	17,950	14,636	14,057	14,599	19,357

10 a.m. 471.5. 11 a.m. 472.1. Noon 476.1. 1 p.m. 476.6. 2 p.m. 476.7. 3 p.m. 476.7.

Latest Index 01-246 8026.

* Based on 52 per cent. corporation tax. † Nil=5.19

Basis 100 Govt. Secs 15/10/26. Fixed Int. 1928 Ind Ord. 1/7/35. Gold Mines 12/9/55 SE Activity July-Dec 1942.

HIGHS AND LOWS

—	1977/78 High	1977/78 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	79.85 (30/9)	60.45 (4/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1/75)	60.49 (4/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	549.2 (14/9)	357.6 (13/1)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	174.5 (14/10)	95.3 (1/2)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Jan. 18	Jan. 17
—Daily		
Gilt-Edged	195.5	230.2
Industries	176.8	214.9
Speculative	36.4	35.9
Totals	116.7	141.0
5-day Average		
Gilt-Edged	201.9	204.3
Industries	194.6	200.3
Speculative	41.4	44.0
Totals	127.9	131.8

OPTIONS TRADED

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Jan. 11	Jan. 23	Apr. 13	Apr. 25
Jan. 24	Feb. 6	Apr. 27	May 10
Feb. 7	Feb. 20	May 11	May 23

For rate indications see end of Share Information Service

Stocks to attract money for the call included English China Clays, Thomson Organisation, Allied Colloids, James Halstead, Cons. Gold Fields, Selincourt, Raglan Property, Hill Samuel, Duple Int., British Land, Warner Holidays A, Winn Inds., BP, Swan Hunter, H. Wigfall, T. W. Ward, M. P. Kent, St. Piran, Provident Finance, Lonrho, Orme Developments, Pauls and Whites, Capital and Counties and Booker McConnell, while doubles were arranged in Pacific Copper, Adda International, Thomson Organisation, Marshall Cavendish, Trident TV A, Associated Sprayers, Orme Developments and Capital and Counties. A short-dated call was transacted in Swan Hunter.

NEW HIGHS AND LOWS FOR 1977/78

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1977-78.

NEW HIGHS (70)

CORPORATION LOANS (1)
L.C.C. 6pc '76-79

BANKS (2)
Commerzbank — Sturla (G.)

BUILDINGS (2)
Countryside Props. — F.P.A. Construction

CHEMICALS (4)
Halstead (J.) — Ransom (Wm.)
Plysu — Scot. Agric. Ind.

DRAPERY & STORES (3)
Customagic — Ladies Pride
Forminster

ELECTRICALS (2)
Automated Sec. — Wigfall (H.)

ENGINEERING (9)
Astra Ind. — Ward (T. W.)
Beauford — West Brom. Spring
Blakey's — Whitehouse (G.)
Fluidrive — Wolseley-Hughes
Manganese Bronze

FOODS (4)
Assoc. Fisheries — Bluebird Conf.
Bibby (J.) — Somportex

HOTELS (2)
Avudleton — Prince of Wales

INDUSTRIALS (17)
AGB Research — Lehus (Harris)
Berisfords — Liden
Bodycote Intl. — McBride (R.)
Boosey & Hawkes — Madame Tussaud's
Canning (W.) — Pauls & Whites
Dawson (Jas.) — Somic
Eastern Produce — Toye
Euro Ferries — Wood Hall
Fogarty (E.)

MOTORS (6)
Heron Motor — Lookers
Do. 10pc Cnv. — Quick (H. & J.)
Jessups — Reynolds (W. J.)

NEWSPAPERS (1)
Websters Pubs.

PAPER (2)
Mills & Allen — Wace Group

PROPERTY (3)
Control Secs. — Raglan Prop.
McKay Secs

SHIPBUILDERS (1)
Vosper

SHIPPING (1)
Jacobs (J. I.)

SHOES (1)
Headlam Sims

TEXTILES (1)
Tomkinsons

TRUSTS (3)
Clifton Invs. — Majedie Invs.
Authority Invs.

OVERSEAS TRADERS (1)
Nigerian Elec.

RUBBERS (2)
Anglo-Indonesian — Grick Malaysia

TEAS (1)
Lunuva

MINES (1)
Hongkong Tin

NEW LOWS (4)

BRITISH FUNDS (1)
Exchqr. 10¼pc '95 (£30 pd.)

CANADIANS (1)
Rio Algom

ENGINEERING (1)
Cummins 3¼pc '78-94

INSURANCE (1)
Leslie & Godwin

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	61	1	12
Corpns., Dom. and Foreign Bonds	7	14	45
Industrials	485	216	878
Financial and Prop.	175	93	304
Oils	11	3	19
Plantations	9	3	22
Mines	32	42	49
Recent Issues	10	3	39
Totals	790	375	1,368

Notice of Redemption

Continental Telephone International Finance Corporation

8¼% Guaranteed Debentures Due 1986

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of February 15, 1971 under which the above described Debentures were issued, Citibank, N.A., as Trustee, has drawn by lot, for redemption on February 15, 1978, through the operation of the sinking fund provided for in said Indenture, $1,000,000 principal amount of Debentures of the said issue of the following distinctive numbers:

COUPON DEBENTURES OF $1,000. PRINCIPAL AMOUNT OUTSTANDING

[illegible]

The Debentures specified above are to be redeemed for the said sinking fund at the Corporate Bond Services Department of the Trustee, 111 Wall Street, in the Borough of Manhattan, The City of New York, State of New York, the main offices of Citibank in Amsterdam, London, Paris, Frankfurt/Main or Milan or Citibank (Belgium) S.A. or at the office of Kredietbank S.A. Luxembourgeoise in Luxembourg, as the Company's paying agents, and will become due and payable on February 15, 1978, at the redemption price of 100 percent of the principal amount thereof plus accrued interest on said principal amount to such date. On and after such date, interest on the said Debentures will cease to accrue.

The said Debentures should be presented and surrendered at the offices set forth in the preceding paragraph on the said date with all interest coupons maturing subsequent to the redemption date. Coupons maturing on February 15, 1978 should be detached and presented for payment in the usual manner.

For CONTINENTAL TELEPHONE INTERNATIONAL FINANCE CORPORATION

By CITIBANK, N.A., Trustee

January 12, 1978

MPANY NOTICES

[illegible]

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1977-78 high	1977-78 low
Courtaulds	25p	11	124	+ 3	135	89
ICI	£1	10	336	+ 1	446	325
Ladbroke	10p	10	206	+ 8	215	89
BP	£1	9	810	+ 6	966	776
Racal Electronics	25p	9	218	+12	270	118
Shell Transport	25p	9	510	+ 4	635	454
Wigfall (H.)	25p	9	254	+ 9	258	94
BATs Defd.	25p	7	227	—	260	202
Beecham	25p	7	635	—	698	372
Grand Met.	50p	7	105½	+ ½	109	62
Madame Tussaud's	5p	7	64½	+ 5½	64½	17
Midland Bank	£1	7	392	+ 7	400	245
Reed Intl.	£1	7	142	+ 4	233	118
Thorn Elect.	25p	7	362	+12	448	196
Vickers	£1	7	197	+ 6	242	144

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

PERSONAL

[illegible]

FT—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wed., Jan. 18, 1978 Index No.	Day's Change %	Est. Earnings Yield% (Max.) Corp. Tax 52%	Gross Div. Yield% (ACT at 34%)	Est. P/E Ratio (Net) Corp. Tax 52%	Tues. Jan. 17 Index No.	Mon. Jan. 16 Index No.	Fri. Jan. 13 Index No.	Thurs. Jan. 12 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS(170)	207.00	+0.7	17.12	5.64	3.25	205.53	207.53	208.99	210.04	145.10
2	Building Materials(27)	189.29	+0.5	16.27	5.57	8.78	188.34	189.82	191.66	194.84	125.04
3	Contracting, Construction (26)	331.17	+0.1	17.51	3.83	8.31	330.74	334.53	336.59	339.17	197.60
4	Electricals (15)	444.44	+1.2	15.00	3.97	9.59	439.36	444.70	449.78	451.06	203.18
5	Engineering Contractors(13)	293.61	+0.9	19.98	6.38	6.85	290.95	292.81	295.06	296.13	185.26
6	Mechanical Engineering(72)	163.28	+0.8	17.88	6.28	7.97	162.00	163.87	164.37	164.35	131.95
8	Metals and Metal Forming(17)	161.15	+0.4	19.54	8.77	6.77	160.55	161.13	161.75	162.22	123.37
	CONSUMER GOODS										
11	(DURABLE)(53)	191.22	+1.7	17.55	4.85	8.31	188.06	189.25	190.61	193.13	127.01
12	Lt. Electronics, Radio TV (15)	229.83	+2.6	15.54	3.61	9.30	223.93	224.80	227.01	231.24	140.77
13	Household Goods (12)	178.56	−0.4	17.46	6.57	7.83	179.24	181.05	182.83	183.49	135.17
14	Motors and Distributors(26)	116.07	+0.7	20.78	6.39	7.21	115.25	116.31	116.60	117.44	83.96
	CONSUMER GOODS										
21	(NON-DURABLE)(170)	196.62	+0.6	15.71	5.80	9.21	195.51	197.30	199.83	200.29	144.62
22	Breweries (14)	215.68	—	15.28	6.14	9.92	215.72	218.51	222.32	220.53	156.71
23	Wines and Spirits (6)	237.16	+0.4	17.18	5.82	8.73	236.11	237.52	243.27	239.73	165.67
24	Entertainment, Catering (18)	258.76	+1.0	13.88	6.62	10.99	256.18	257.28	258.75	258.86	186.26
25	Food Manufacturing (22)	192.60	+0.2	20.71	5.51	6.95	192.29	193.96	196.10	197.34	160.87
26	Food Retailing (16)	196.83	+0.4	13.77	4.59	10.57	196.02	198.67	199.78	198.99	139.59
32	Newspapers, Publishing (13)	329.63	−0.1	9.91	3.79	15.16	329.80	333.17	338.89	344.02	209.10
33	Packaging and Paper (15)	131.68	+1.3	20.04	8.81	7.18	130.03	130.58	132.50	132.26	97.38
34	Stores (38)	187.44	+0.6	10.15	4.22	15.49	185.33	189.38	191.22	191.91	118.16
35	Textiles (25)	176.16	+1.6	19.73	7.52	6.43	173.31	173.25	174.67	174.84	133.26
36	Tobaccos (3)	219.09	+0.7	22.05	8.22	6.05	217.55	219.61	222.30	224.89	210.20
37	Toys and Games (6)	103.31	+0.2	19.98	5.75	6.69	103.07	104.79	103.40	102.69	79.73
41	OTHER GROUPS (97)	188.66	+0.3	16.55	5.73	8.23	188.81	189.02	191.23	192.16	153.93
42	Chemicals (20)	249.87	+0.3	19.79	6.79	7.13	249.04	249.10	253.08	254.50	215.66
43	Pharmaceutical Products (7)	249.18	+0.1	11.04	3.97	11.62	248.87	251.80	254.61	256.26	0.00
44	Office Equipment (6)	132.35	+0.7	17.25	4.36	7.67	131.44	131.65	133.34	131.12	86.08
45	Shipping (10)	478.60	+1.2	20.58	6.12	5.76	472.74	475.62	472.62	472.53	425.38
46	Miscellaneous (54)	200.52	+0.2	15.66	6.11	9.05	200.10	201.74	203.86	205.71	151.71
49	INDUSTRIAL GROUP (496)	203.47	+0.6	16.39	5.67	8.64	202.20	203.85	206.04	206.94	151.15
51	Oils (4)	455.81	+0.8	15.27	4.30	7.96	452.40	454.36	459.05	458.30	434.74
59	500 SHARE INDEX	224.59	+0.6	16.22	5.47	8.54	223.15	224.84	227.24	228.03	174.63
61	FINANCIAL GROUP (100)	172.87	+1.2	—	5.07	—	170.87	172.13	174.74	174.91	129.05
62	Banks (6)	200.93	+1.9	24.53	5.08	6.22	197.15	198.00	200.66	200.14	159.79
63	Discount Houses (10)	219.52	+1.1	—	7.52	—	217.23	217.47	216.57	216.09	173.83
64	Hire Purchase (5)	166.50	—	11.12	4.71	13.30	166.50	167.76	169.46	170.55	105.26
65	Insurance (Life) (10)	142.25	+0.9	—	5.83	—	141.05	142.95	145.66	145.79	107.72
66	Insurance (Composite) (7)	136.13	+1.7	—	5.91	—	133.82	134.59	137.72	138.35	103.30
67	Insurance Brokers (10)	319.68	+0.3	13.28	4.28	11.03	318.76	322.58	327.73	328.27	234.70
68	Merchant Banks (14)	82.88	—	—	5.65	—	82.84	83.12	83.62	84.21	64.51
69	Property (31)	246.40	+0.5	2.79	2.77	57.13	245.19	247.84	250.40	249.92	159.61
70	Miscellaneous (7)	108.31	−0.2	23.55	7.28	5.94	108.56	109.15	109.31	109.68	76.27
71	Investment Trusts (50)	189.31	+0.1	3.27	4.85	30.56	189.13	190.66	192.23	193.06	159.01
81	Mining Finance (4)	91.20	+0.7	17.10	6.42	6.80	90.55	90.60	91.34	90.91	92.93
91	Overseas Traders (19)	275.56	−0.2	17.49	6.92	7.25	276.01	276.46	277.35	278.64	229.52
99	ALL-SHARE INDEX (673)	209.24	+0.7	—	5.42	—	207.79	209.31	211.65	212.27	163.15

FIXED INTEREST PRICE INDICES

	British Government	Wed. Jan. 18	Day's change %	xd adj. To-day	xd adj. 1977 to date
1	Under 5 years	109.21	+0.18	—	0.13
2	5-15 years	123.64	+0.37	—	0.32
3	Over 15 years	131.74	+0.46	—	0.57
4	Irredeemables	145.46	+0.62	—	0.00
5	All stocks	128.73	+0.34	—	0.32

FIXED INTEREST YIELDS

Br. Govt. Av. Gross Red.

			Wed. Jan. 18	Tues Jan. 17	Year ago (approx.)
1	Low	5 years	7.43	7.47	8.92
2	Coupons	15 years	9.54	9.50	11.84
3		25 years	10.12	10.16	12.90
4	Medium	5 years	9.66	9.78	11.91
5	Coupons	15 years	10.51	10.57	12.92
6		25 years	10.65	10.70	13.61
7	High	5 years	10.20	10.28	12.89
8	Coupons	15 years	11.46	11.51	14.13
9		25 years	11.52	11.57	14.30
10	Irredeemables		11.28	11.35	14.32

		Wed., Jan. 18 Index No.	Yield %	Tues. Jan. 17	Monday Jan. 16	Friday Jan. 13	Thurs. Jan. 12	Wed. Jan. 11	Tues. Jan. 10	Monday Jan. 9	Year ago (approx.)
15	20-yr. Red. Deb. & Loans (15)	65.88	11.78	62.69	63.13	63.14	63.19	62.99	63.45	63.31	49.87
16	Investment Trust Prefs. (15)	57.57	12.24	57.52	57.47	57.45	57.58	57.71	57.57	57.87	48.05
17	Coml. and Indl. Prefs. (20)	78.56	11.47	78.43	78.61	78.50	78.34	78.80	78.53	78.91	68.52

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 12p, by post 22p.

THE JOBS COLUMN

Plenty of prospects for the privileged minority

BY MICHAEL DIXON

THE BRITISH LEYLAND management's case for shedding 10,000 jobs will not be made any more persuasive to the unions by the fact that the group is seeking to recruit more than 300 new graduates this autumn—a considerable increase over last year's intake. h Steel, incidentally, is ranging the country's universities and polytechnics in search of even more still.

Graduate-recruiters in companies and university careers officers tend to see nothing wrong, of course, in employers' taking in large numbers of youngsters while making long-serving staff redundant. When potentially better managers and specialists are available from education, they say, it is surely sense to make room for them by ejecting passengers at the other end. A counter-argument, at least as strong, is that there is no objective reason to believe that to-day's degree-winners can generally be relied on to do a better job than older staff, whose effectiveness has often been hampered mainly by their organisation's structure and practices.

Whether or not the practice is justified, however, a good many large concerns are indulging in it. And one result is an increasingly stark difference in job prospects between the bulk of the nation's youth, and the minority who complete 16 years or more of largely taxpayer-financed formal education by getting a degree.

Official gloom about the majority has, as is well known, called into being a £688m.-a-year "nationalised industry" to invent and organise things for otherwise jobless young people to do. But by contrast, there is little doubt that 1978 offers a distinctly rosy outlook for employment to the coming summer's crop of new graduates.

A 10 per cent. rise this year in the supply of degree-winners to the U.K. jobs market was predicted yesterday by three organisations which effectively serve as pressure groups promoting the employment of graduates. They are the Association of Graduate Careers Advisory Services, the Central Services Unit for Careers and Appointments Services covering universities and polytechnics, and the Standing Conference of Employers of Graduates. This predicted rise would put the total seeking jobs in the U.K. at roughly 38,000 new graduates at bachelor level, plus 7,000 with higher degrees.

But the three organisations are not bothered about the probable jump in supply. This is because they are expecting an increase of about 20 per cent. in the home demand for graduate recruits.

The effect on these fortunate young people's starting pay is officially estimated by the trio at "about 10 per cent. up on 1977." More light is shed on the pay prospects, however, by the following unofficial statistics based on figures from just over 150 major employers, comparing salaries actually paid to graduate starters last September with those forecast for the coming autumn:

	Sept. 77 £	Sept. 78 £
Upper decile	3,325	3,645
Upper quartile	3,125	3,445
Median	3,000	3,270
Lower quartile	2,815	3,115
Lower decile	2,645	3,000

(If the recruits were ranked from high to low according to salary, the upper decile would represent the pay of the person a tenth of the way down the ranking, the upper quartile that of the person a quarter of the way down, the median that of the person half way down, and so on.)

Even were the forecasts not to be exceeded this year by the salaries eventually paid — as evidently they usually are — the increases over last year would range from 13.4 per cent. on the lower decile figure down to 9 per cent. on the median. The table also suggests that the differential paid to the most valued of the levels over the least valued will reduce from 25.7 per cent. to 21.5 per cent., though why the major employers' manpower planners should collectively be expecting this to happen is obscure.

What is clearer, however, is that Governmental exhortations to manufacturing concerns to make themselves attractive to graduates by paying more than other kinds of employer, seem now to have taken effect. For example, the sample of 151 major employers included just 97 involved in manufacturing, and the 1977-paid and 1978-forecast graduate starting salaries solely for these 97 work out as follows:

	Sept. 77 £	Sept. 78 £
Upper decile	3,350	3,700
Upper quartile	3,160	3,520
Median	3,037	3,305
Lower quartile	2,880	3,180
Lower decile	2,810	3,110

The increases indicated here range more narrowly, from 11.4 per cent. on the upper quartile to 8.9 per cent. on the median. The differential of the top level over the bottom is also narrower, and while increasing in pound notes from £540 to £590, is scheduled to decline slightly in percentage terms from 19.2 to 19.0. But at most points in the table, the cash advantage offered by the manufacturing fraternity is increasing, albeit marginally.

Where numbers of job openings for new graduates are concerned, the three organisations are confidently looking to manufacturing industry for the bulk of the increase. Indeed, they are currently expecting manufacturers to raise their demand for bodies from the universities and polytechnics by about 30 per cent. for the second year in succession.

Demand from other sectors of business, in spite of considerable variances, is apparently running overall at a rate ten to fifteen per cent. higher than that of last year.

Some careers specialists in education were expecting the recruitment of degree-winners for chartered accountancy—which in 1976 took more university arts-side graduates than were known to go into the manufacturing, building and public utility industries of the U.K. combined, plus some from the science side as well—to falter this year. But it has not done so: on current evidence, it seems likely to rise by perhaps a further 15 per cent.

The promoters of graduate employment were also pleasantly surprised when the severe fall in demand from central and local government, to which they had resigned themselves last year, turned out to be not so bad after all. Local authorities were seeking specialists for departments concerned with financial control and industrial matters. The Civil Service was by no means absent from the market, partly because it wanted more bureaucrats for governmental programmes to counter unemployment elsewhere.

Sales force

This irony, however, is not the major reason why the graduate minority is apparently being warmed by the wind now blowing ill for less academically successful youngsters. A far more important reason, to my mind, is disclosed by the following statement by the three organisations yesterday:

"Demand from other commercial employers—for example, retailing, building societies, computer consultants—is growing, partly due to the activities of the Associaton of Graduate Careers Advisory Services in stimulating new employers to begin recruiting graduates."

In short, there is a well organised, influential sales force actively promoting the employment of degree-holders, backed up by an efficient Central Services Unit collecting market intelligence and circulating lists of job openings around the higher educational institutions which subscribe to it. There is also, in the Standing Conference of Employers of Graduates, an organisation of personnel staff who, since most of them seem to be employed specifically to recruit degree-winners, have a vested interest in increasing their organisations' intakes from universities and polytechnics.

It seems clear that this outstandingly effective "employment exchange" serving the interests of the minority has persuaded more and more top managements to approve the engaging of people with degrees in preference to others, even where no such qualification is required for the work involved. Government has meanwhile chosen to encourage this process of substitution, instead of attempting to provide anything like competitive services to defend the interests of the far greater numbers leaving schools and even colleges at lower, though in many cases no less relevant, levels of academic attainment.

Why Government should so heavily favour the minority, who have already had the benefit of far greater support from tax-payers' funds, I cannot be sure (although I have come across an official document which argued, among other things, that jobless graduates were a more dangerous source than other youngsters of political disruption). But even if the parents of the majority seem slow to conclude that their children's prospects are being sold short, simple justice surely requires some State action to redress the balance.

A firm effort to clear away bureaucratic obstacles and set up more efficient employment-promoting machinery across the country for people without degrees, is an obvious need. But the numbers involved suggest that such agencies could hardly compete with the well established organisation for pushing the graduate interest.

To my mind, therefore, there seems to be a clear case for doing something to reduce the preferential treatment given to the minority in other ways. In the circumstances, for instance, it can hardly be justified for this country to continue being one of the very few in the Western world which officially gives grants as of right to cover the living costs of most of its youngsters who are accepted for degree courses, as well as paying the tuition costs of virtually all of them. It is surely high time that we, too, started requiring our aspiring graduates themselves to pay at least part of the cost of their privileged higher education by means of a repayable loan.

CHEMICALBANK INTERNATIONAL LIMITED

Eurobond Executives - London

On 22nd December, 1977 Chemical Bank acquired the whole of the issued share capital of London Multinational Bank Limited, now renamed Chemical Bank International Limited (CBI). Chemical Bank will concentrate its international merchant banking activities in its new subsidiary, which will therefore continue to be active in international loan syndication, capital market issues and corporate finance.

As part of its personnel expansion which will follow from this development, the Investment Banking Department of CBI seeks persons to enlarge its Eurosecurities placement team. The successful applicants will market new issues in all major currencies to established and potential retail, institutional and professional clients, provide regular advice to those clients on market developments and investment opportunities, and execute secondary market transactions as appropriate. Other duties will arise from the monitoring and adjusting of the department's own positions and from assisting as required in the department's other activities. Contact with clients will be primarily by telephone and telex, but some travel is not ruled out.

Relevant experience is essential. Salary is likely to be in the £5,000 – £7,000 p.a. range but could be higher depending upon the extent of experience and of other qualifications. Fringe benefits will be those associated with a major international bank.

Applications in confidence to: David E. Nye, Assistant Director, Chemical Bank International Limited, 1 Union Court, Old Broad Street, London EC2N 1EA. Tel: 01-283 8171

CHEMICALBANK INTERNATIONAL LIMITED

THE MERSEY DOCKS & HARBOUR COMPANY

A Senior Financial Analyst is required to join our small multi-disciplined Financial Analysis Unit. The Unit appraises the Company's activities in depth from a financial management viewpoint making appropriate recommendations at top level.

Applications are invited from qualified Accountants with proven experience in analytical work. A qualification or experience in Economics or Business Studies would be an advantage. Preferred age is in the range 35 to 45 years. The successful applicant will be self-motivated and able to work largely on his/her own initiative. The salary envisaged will be attractive to persons currently earning up to £6,500.

Enquiries etc. to:

Administration Manager (Personnel), Personnel Division, Mersey Docks and Harbour Company, Liverpool L3 1BZ. (051-236 6010 Ext. 285)

URGENTLY REQUIRED by City Bankers—Credit Analyst with minimum two years experience and preference to A I B. Salary to £6 500 plus usual fringe benefits. Telephone Lee Personnel 01-409 1944.

Senior Foreign Exchange Dealer

£13,000 +

Our client is a substantial international bank with an ambitious programme for developing further the scope of its Foreign Exchange business throughout the world.

Consequently, it has retained us to find a Senior Dealer for Europe, aged about 30, with the right blend of dynamism and expertise in spot trading, to assist in the achievement of this objective.

In addition to the requisite professional skills, a knowledge of international economics, particularly relating to Western Europe and the United States (and the ability to speak German) would be strongly preferred.

You will complement the existing team, based in the City, and, assuming you can match the high standards set, a more senior appointment may be expected in the very short term.

Please contact Peter Wilson, F.C.A., in complete confidence, stating clearly those banks to which, for whatever reason, you do not wish to be introduced, at Albemarle House, 1 Albemarle Street, London W.1. Tel: 01-499 4879

Management Appointments Limited

General Manager

Oman Development Bank

Muscat-Based c.£30,000 with substantial fringe benefits

The responsibilities of this post involve launching and operating a new development banking venture. It requires a person of exceptional ability with experience in banking, finance, loan and equity participation negotiations, project evaluation, etc. The work will involve high level consultation and decision making with government and international agencies.

The essential requirements are for a person aged between 35 and 45 with at least 10 years' experience in merchant or development banking. He must be able to show an ability to assess the financial merits of propositions and experience in negotiating with government and international agencies. In addition to fluent English, a high level of proficiency in Arabic is necessary.

Exceptional candidates able to show a willingness to learn Arabic should also apply.

Applications, which will be treated in strict confidence, should contain relevant details of career and salary progression, age, education and qualifications. Please write to: Dr. I. Bowers (quoting ref. 673, B on both letter and envelope),

Deloitte, Haskins & Sells, Management Consultants,
P.O. Box 207, 128 Queen Victoria Street, London EC4P 4JX.

Wells Fargo Limited

As a result of the continuing expansion of their international banking activities in London, Wells Fargo Limited have the following vacancies:-

COUNTRY ANALYST

An Economist is required to provide European country risk evaluations. This will include the gathering and presenting of current information and the applicant must have the ability to keep abreast of political and economic conditions. He or she will have a good economics degree with some previous experience, and will also possess a good working knowledge of at least one European language.

SENIOR CREDIT OFFICERS

Officers are needed with significant credit experience, who have had, or possess the potential for, marketing exposure in European countries. The successful applicants will have a good Economics degree and/or a degree in Business Studies. They should be fluent in at least one European language.

CREDIT ANALYSTS

They will have had experience of credit analysis preferably with a major bank. They will be fluent in, or possess a good working knowledge of, at least one European language.

The salaries will be commensurate with qualifications and experience. All the positions are based in London: the usual fringe benefits will be provided.

Please write with full details to the Personnel Manager, Wells Fargo Limited, Winchester House, 80 London Wall, London EC2M 5ND.

CAYZER LIMITED

Cayzer Limited is a recently established merchant bank and a subsidiary of The British & Commonwealth Shipping Company Limited. The emphasis of its activities is on corporate finance and corporate banking. The bank is seen as having scope for developing these activities within the British & Commonwealth Group and with non Group related clients. In order to assist the bank in its expansion the following senior staff are required:—

BANKER

A senior Banker is required to take charge of and develop the bank's lending activities, which focus on small to medium sized commercial and industrial companies. A banking, legal or accounting qualification and a solid career of banking experience and achievement are essential requirements.

FINANCIAL EXECUTIVES

The requirement is for one or two executives who should have an accountancy qualification followed by several years' experience in the profession or in industry: a university degree could be a useful additional qualification. The bank is looking for applicants with a track record which will demonstrate an ability to produce financial assessments with a strong commercial bias. The ability to formulate valid commercial judgments and to oversee the implementation of recommendations is essential.

Please write in complete confidence with curriculum vitae to:

**The Managing Director,
CAYZER LIMITED,
5 Laurence Pountney Lane, London EC4R 0HA.**

Technical Editor 'Accountancy'

London City — to £7,000

This is an ideal opportunity for a Chartered Accountant to play a part in helping to influence the development of professional thinking. The successful candidate will be involved with planning a balanced journal; meeting leading members of the professional and financial communities; finding and developing potential contributors, expert in their own field; shaping their ideas and discussing possible articles. Applicants, male, female, should be graduates who have a sound theoretical background and an up-to-date technical knowledge, preferably gained with a major professional firm. REF: 440/FT. Apply to R. P. CARPENTER FCA, FCMA, ACIS, 9 De Walden Court, 85 New Cavendish Street, London W1M 7RA. Tel: 01-636 0761.

Phillips & Carpenter
Selection Consultants

GROUP FINANCIAL DIRECTOR

Five Figure Salary + Car

An expanding private company in the plastics industry with a diverse but inter-related group of subsidiaries requires a Group Financial Director. The Group offices are in West Yorkshire and the Group is currently enjoying an annual turnover of approximately £25 million. The successful applicant will report to the Group Managing Director and will enjoy excellent opportunities for advancement within the Group.

Applicants should be qualified accountants in their thirties and have a proven record at senior executive level in industry. He or she will be an active member of a small policy-making team and will be responsible for the preparation and monitoring of budgets, financial and management accounts and the provision of financial advice to the main Board concerning future projects or acquisitions. Occasional short visits overseas will be required from time to time.

The earnings package for this key post is negotiable and will consist of a five-figure salary, company car, contributory staff pension scheme and free life assurance.

Please write in confidence, giving full details, to:

Box A.6219, Financial Times, Bracken House,
10, Cannon Street, London EC4P 4BY.

Cash Management

Holland

A leading international organisation with headquarters in Amsterdam wishes to appoint a Cash Management Executive. Reporting to the Treasurer, the person appointed will be responsible for all cash management activities.

This is a progressive position, offering immediate scope for development to a candidate, probably aged 25-35, with an educational background in economics, who is working in the Treasury Department of a multi-national corporation or with a bank. Applicants must be familiar with exposure management and collection procedures. accountancy knowledge would be helpful Willingness to relocate in Amsterdam is essential. A competitive salary will be offered and will be negotiable depending on the personal qualifications and experience of the successful candidate.

The identity of candidates will not be revealed to our client without prior permission. Applications, quoting Ref. AB 852 FT should include details of age, experience and salary and be sent to:

PA Management Consultants BV

184 Keizersgracht, Amsterdam — C. Holland. Tel: Amsterdam 23 66 82

PA

A member of PA International

CORPORATE FINANCE

GRESHAM TRUST LIMITED are seeking an executive experienced in all aspects of corporate finance. The successful candidate, aged up to 30, will have had several years' experience in the corporate finance department of a merchant bank or, possibly, with appropriate training in a firm of solicitors or accountants.

Applicants should apply, in complete confidence, with full career details to:

**L. J. Davies
Gresham Trust Limited
Barrington House, Gresham Street
London, EC2**

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The personnel consultancy dealing exclusively with the banking profession

CHIEF FOREIGN EXCHANGE DEALER MIDDLE-EAST — Tax-Free Salary Negotiable

A European bank seeks an experienced Chief Dealer for its office in a Gulf state. Candidates ideally aged 27-35, should have all-round knowledge of dealing gained in a major financial centre. The position is negotiable as to terms of contract, as is a tax-free salary with the usual benefits afforded to positions in this area.

CONTACT: Richard J. Meredith

STERLING MONEY BROKERS — £ Negotiable

A leading firm of money brokers requires two fully-experienced Inter-Bank brokers aged 25-35. Excellent terms are negotiable.

CONTACT: Mike Pope

CREDIT ANALYST — to £7,000

An international bank wishes to recruit a proficient young credit analyst who has had the benefit of formal in-house credit training with an American bank. The vacancy results from the continuing expansion of the bank's activities, and the person appointed (ideally aged mid-late twenties) will enjoy attractive career prospects either within the credit area or in the front-line.

CONTACT: Kenneth Anderson (Director)

ACCOUNTS SUPERVISOR — c. £5 500

A City bank has a vacancy for a person aged 25-30, with at least five years accounting experience gained in banking and including Bank of England returns. Candidates should also have a background in general banking and Foreign Exchange administration.

CONTACT: Norma Given (Director)

170 Bishopsgate London EC2M 4LX 01-623 1266/7/8/9

MARKETING MANAGER

INDUSTRIAL LEASE PURCHASE AND LEASING

Our Company, based in London, a subsidiary of one of the largest world banking institutions, wish to recruit a marketing manager with the capabilities to become General Manager.

The person appointed will be expected to set up a commercial network throughout our U.K. organisation.

Candidates will be in the age range 30-40 years and possess a proven record of success within this specialised field of activity.

Excellent salary. Plus fringe benefits consistent with those of a major banking institution.

Write in the first instance, sending detailed c.v., in strict confidence to: Box A.6221, Financial Times, 10, Cannon Street, EC4P 4BY.

MANAGEMENT ACCOUNTANT NIGERIA

c£15000

A large diversified and expanding group of companies requires the services of a qualified accountant (ACA or ACCA) aged between 25 and 35.

The person appointed will be responsible for monthly management and financial accounts in addition to cash forecasts and budgets. Preference will be given to applicants with previous overseas experience in a developing country. The post will be based in Lagos and numerous benefits are available including housing and transport.

Please reply to Box A.6202, Financial Times, 10, Cannon Street, EC4P 4BY.

EMA

MIDDLE EAST
PART/RECENTLY QUALIFIED ACCOUNTANTS
£8-12,000 Tax Free

Our client is one of the most respected international accounting practices whose business in the Middle East and North Africa is undergoing considerable expansion. We are now seeking accountants who will travel extensively throughout the area or who would be assigned in one area on large jobs which may last from 6-12 months. They will be expected to carry out a range of audits and consultancy projects.

The range of jobs will be broad and substantial in size. Sophisticated audit procedures are used and the firm operates an international training programme and a policy of rapid promotion. Qualified or part qualified accountants with audit experience should apply. Applicants must be single, with a working knowledge of French, and will receive good benefits including free accommodation. Please telephone or write to David Hogg ACA, quoting reference I/1634.

EMA Management Personnel Ltd.
Burne House, 88/89 High Holborn, London, WC1V 6LR
Telephone: 01-242 7773

SALES MANAGER-IRAN-STRUCTURAL ENGINEERING

Major Structural Engineering Company, who are strongly export orientated, wish to recruit a replacement for their Tehran Manager who completes his three-year tour in May 1978. The man appointed will be responsible, as the sole expatriate, for representing the company in Iran where we have a joint venture company. Sales to Iran are currently running at an annual rate of £2 million and this momentum has to be maintained and increased.

The candidate is likely to be an engineer with sales ability in his late twenties to early thirties married without children. He will be required to take up a position resident in Tehran in March 1978 and to travel as required within Iran for a proportion of his time. The posting is intended to be for a three year period subject to annual review.

An attractive salary, accommodation and car will be provided, with annual home leave of three weeks and local leave of a further two weeks.

This is an excellent career opportunity for a man who is prepared to work hard on his own initiative in order to produce results. Please send full details to Managing Director, S W Farmer Group Limited, Courthill Road, Lewisham, London SE13 6HD. All replies will be treated in confidence.

Farmer

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London — **neg. to £8,500 + Car**

Specialising in the manufacture and marketing of sophisticated communications equipment, our client is the world leader in its field and has a substantial growth record.

The company now plans to recruit a Financial Controller who, reporting to the Financial Director, will play a leading role in the further development of advanced reporting procedures and the management of the finance function.

Applicants, male or female, who must have experience of working in a manufacturing environment, will be qualified accountants probably aged between 30 and 45 who have experience of computer based procedures. They must have the maturity to manage 30 staff, experience of most aspects of the financial spectrum and possess the enthusiasm and commitment to succeed in a challenging and rewarding environment.

For more detailed information concerning this appointment and a personal history form please contact Nigel V. Smith, A.C.A. quoting reference 2055.

Commercial/Industrial Division

Douglas Llambias Associates Ltd.,
410 Strand, London WC2R 0NS. Telephone 01-836 9501.
121 St Vincent Street, Glasgow G2 5HW Telephone 041-226 3101.
and in Edinburgh.

DLA

A Talented Accountant

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Our clients have an annual turnover in excess of £17 million and are the British subsidiary of a leading international group in a service industry.

They are seeking a chartered accountant who is well-versed in the traditional accounting functions as well as commercial management accounting. This is a key top management appointment with responsibilities for a number of financial and management accounting staff at their Head Office in Central London. There is real potential for taking over wider group accounting responsibilities within 2-3 years. Applicants will need to demonstrate adaptability, inventiveness, drive and a maturity that will enable them to improve an already well-developed accounting system.

The Company is flexible about commencing salary, but has in mind a figure around £8/9,000 plus company car and other fringe benefits. Ref: K7888/FT.

REPLIES will be forwarded direct, unopened and in confidence to the client unless addressed to our Security Manager listing companies to which they may not be sent. They should include comprehensive career details, not refer to previous correspondence with PA and quote the reference on the envelope.

PA Advertising

Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 27874

PA

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ABU DHABI INVESTMENT AUTHORITY
(Local and Arab Investment Department)

PROJECT ANALYSTS

The Abu Dhabi Investment Authority requires experienced project analysts in its Local and Arab Investment Department.

Candidates should be Arab Nationals and must be appropriately qualified and have had responsibility for investment appraisal and financing.

Applicants should have first class academic qualifications preferably at post-graduate level particularly in the fields of production management, business economics and operations research. They will ideally have extensive professional experience in project appraisal and the associated analytical techniques as well as the assessment of specific acquisitions and new business opportunities.

Candidates must be prepared to live in Abu Dhabi. The contract will be for a minimum of 2 years, renewable thereafter. Salary is negotiable and free of tax in Abu Dhabi. Free accommodation, transport allowance and medical facilities will be provided.

Please write or telephone for an application form, ref. 902/FT to:

W. L. Tait, Touche Ross & Co., Management Consultants,
4 London Wall Buildings, London EC2M 5UJ. Tel: 01-588 6644.

NEGOTIABLE INSTRUMENTS DEALER

Progressive, overseas-owned, U.K. authorised Bank is looking for an experienced dealer/salesman to establish a negotiable instruments desk within the existing money department.

The successful applicant will have had at least three years' experience in dealing and advising customers, and will possess an expert knowledge of all types of paper, from short-term bills and Certificates of Deposit to F.R.N.'s and Bonds in both Dollars and Sterling. He or she will also have good customer and professional market contacts on which to build.

As this is a new appointment, the terms of reference are flexible, and, what is certain, an attractive compensation package is offered.

Apply in strictest confidence to:—
Box A.6223,
Financial Times,
10, Cannon Street, EC4P 4BY.

EMA

FINANCIAL CONTROLLER

London W2 — c£7000

Our client provides training courses in finance and business management worldwide. The European Head Office has grown well since establishment in 1974 to present turnover of £1 million.

The Controller will be a member of the top management team, reporting to the European General Manager. With a staff of two he or she will review and improve the basically sound manual systems, perhaps computerising some areas, and will produce and interpret a full range of management information for European and U.S. management.

In this small and successful business there will be opportunities for involvement in general management and to become effectively assistant to the M.D. Qualified accountants aged 26-30 should telephone or write to Graham Webster ACA, MBA, quoting reference I/1603.

EMA Management Personnel Ltd.
Burne House, 88/89 High Holborn London, WC1V 6LR
Telephone: 01-242 7773

Thomas Cook

Assistant Managing Director-Marketing & Development
Over £15,000p.a.

Thomas Cook Bankers Limited, the Company within the world's largest travel organisation with a rapidly expanding share of worldwide travel-related banking services, require an Assistant Managing Director.

We are looking for a suitably qualified man or woman to be responsible for the development and marketing of our Travellers Cheques, Foreign Currency and other Banking services worldwide.

This position, reporting directly to the Managing Director, is supported by a team of Senior Executives responsible for Marketing, new Product & Systems Development, Foreign Exchange and Travellers Cheque support services.

Banking experience is not essential but candidates must have the creative ability to develop and control the complex administrative and distributive systems and the associated E.D.P. and project management capability.

- Preferred age range 40-45 years
- Salary not less than £15,000 p.a., car and other major Company fringe benefits
- The position is based at Thomas Cook Administration Headquarters at Peterborough.

Please apply giving details of your career and present salary to:
R. Woodford,
Group Personnel Director,
Thomas Cook Group Limited,
PO Box 36,
Thorpe Wood, Peterborough PE3 6SB.

COMMODITIES APPOINTMENTS

COMMODITIES

Cocoa Trader
A Senior Cocoa Trader with the ability to administer a complete Cocoa Department is required by our clients, a fast expanding and reputable organisation with broad-based trading activities. The successful applicant will already have a proven record in cocoa and will be the current No. 1 in his/her present company. High Five Figure basic salary plus profit share is envisaged.

Documents Manager
An international British-based metals trading company are seeking a Documents Manager with the ability to process trading contracts with speed and efficiency. The ideal applicant will probably have been trained in a banking environment, and will be aged between 28 and 30. The Company will provide an attractive salary to induce applications from the most suitable candidates.

Company Accountant
A major international non-ferrous metals trading house seek a fully qualified Accountant (ACA or ACCA). He/she will be involved in assisting the Deputy Chief Accountant in the general day-to-day accounting functions of the Company. Age 28/40. Salary c. £7,000 pa.

Above is a selection from our Senior, Administration, and Accountancy Registers. If you are interested in these or any other position in the Commodity Markets, please contact Ray Wallhead or Robert Kimbell.

Charterhouse Appointments
40 Bow Lane London EC4 Telephone 01-236 1221

International Recruitment Specialists for the Commodity Markets

Commodity Graham Stewart Appointments

Managing Director Metals
London

A Trading Company operating in the field of soft commodities and metals requires a MANAGING DIRECTOR with the emphasis of background and expertise in non-ferrous metals trading, the L.M.E. and Comex.

The person appointed will have had management responsibility for the performance of a trading activity and will also have had substantial client contact. He/she may have had experience on the metals desk at a senior level as an Account Executive in a Commission House, as an Executive with a Ring Dealing or Non-Ring Member of the London Metal Exchange, or elsewhere in a senior metals trading function.

He/she will be responsible for controlling and motivating the trading team. The challenge will be to develop fully the potential of a first class company with world wide producer and customer connections.

[illegible] age range is 35-45 and the successful candidate [illegible] a substantial basic salary negotiable with [illegible] the results of the [illegible] of the company. A car and substantial benefits will be provided.

[illegible] please contact Graham Stewart of Commodity Appointments Limited [illegible] and will arrange interviews in complete confidence.

Egmont House 116 Shaftesbury Avenue London W1
Tel 01-439 1701

International Recruitment Specialists for the Commodity Markets

Commodity Graham Stewart Appointments

TRAINEE TRADER

A young graduate or 'A' level trainee is required by a City-based trading company. The company trades internationally in all soft commodities and metals. A knowledge of languages and some experience of banking or shipping would be advantageous. Salary negotiable in the area £4,000 + 1,750 p.a. benefits.

Commodity Appointments [illegible] — **01-439 1701** — 116 Shaftesbury Avenue, London W1 [illegible]

COMMODITIES APPOINTMENTS
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STEVE NEVITT
on 01-248 8000 Ext. 591

COFFEE IMPORTERS/EXPORTERS

One of the executive Directors of Quick, Reek & Smith Ltd., a subsidiary of Arbuthnot Latham Holdings Ltd., will be retiring within the next 1-2 years and the Company is looking for a suitable person with sufficient experience and background in physical coffee to ensure that after an overlapping period he is capable of taking responsibility for certain areas of the Company's trading as a Director.

The type and scope of the Company's business will be known to those having the necessary experience in the trade.

Age is not a critical factor assuming other requirements are met. Emoluments to be negotiated.

20-21 Queenhithe, London, EC4V 5HE.

Accountants
up to £8,500

If you are a problem solver with the ability to think laterally across the spectrum of accountancy and economic issues then here is an unusual opportunity to gain valuable experience.

An important independent Government Agency now needs a Chartered Accountant to analyse and investigate the performance of major UK Organisations in manufacturing services and distribution.

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Experience in DCF techniques and investment criteria as well as of special investigation work and an awareness of current accounting trends will be a distinct advantage.

PER
Professional & Executive Recruitment

For further details please contact:
B. Barker on
(01) 235 7030. Ext. 210.
Applications are welcome from both men and women.

Research Assistants/ Investment Analysts

Our Client, one of Britain's leading mutual life offices, is looking for graduates with 2-5 years experience of investments and research, gained with a financial institution, to work in their London-based Stock Exchange Department. A relevant degree in economics or business administration would be an advantage.

The men or women appointed will assist in the servicing and management of the investment portfolio. They will also research and appraise Brokers' reviews and company accounts, selecting and submitting recommendations to the Investment Manager, prepare timely and accurate reports, valuations and statistical data, and liaise with brokers.

A salary, negotiable according to age and experience, is offered with supplements, location allowance and an annual bonus. Secure and progressive career prospects, a generous house purchase scheme and sick pay and contributory retirement benefit schemes are among the first class conditions.

If you are interested in applying, please write with full personal and career details, together with salary required, to F. Hammond at the address below. Alternatively, telephone 01-589 1550/1518 for an application form. Please supply, on a separate list, the names of any companies to whom you do not wish your application forwarded.

Gordon Procter & Partners
92 Brompton Road, London SW3. 01-589 1550/1518.

Career prospects offered by City Discount House for

YOUNG PERSON

approximately 18-20 years. Previous banking experience preferable, but not essential. Candidates should have at least 5 'O' Levels, including English and Maths. Good salary and fringe benefits.

Apply in writing Box A 6222, Financial Times
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Sr. International Trader

Major U.S. international company seeks person with extensive trading experience in raw materials, preferably in coal or petrochemicals.

Position requires heavy European travel and ability to effectively communicate in English and French. Ability to communicate in German also desirable.

Promotion to European Sales Manager opening within one year available to successful applicant. Please submit a complete resume with salary history and requirements to:

Box F 596, Financial Times
10 Cannon Street, EC4P 4BY

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ASSISTANT COMPANY SECRETARY
required by
PUBLIC PROPERTY COMPANY

Qualified Accountant or person with a legal qualification who possesses initiative and intelligence required for this important position. Prospects of early promotion. Salary negotiable. Age 28-40.

Write in confidence to:
D. Davis, F.C.C.A., Director/Secretary
UNITED REAL PROPERTY TRUST LIMITED
9 Cavendish Square, London W1M 0JT

AUDIT SUPERVISORS

Expanding firm of chartered accountants needs ambitious Seniors with some post-qualification experience. Must be self-starters, willing to take responsibility and able to help in the development of the firm's technical standards and quality control.

SALARY: £6,500 P.A.
or more for an exceptional candidate.

Write in confidence to:
Chris Rengert,
SLATER, CHAPMAN & COOKE,
16A St. James's Street, London SW1A 1ER.

Financial Controller (UK)

S.W. Essex. c. £8,500 plus car(s)

The transport services subsidiary of a major U.K. group seeks a Controller. This is a total modern controllership, with miner exceptions. There is considerable scope to improve operating efficiency and profitability. Existing staff (and EDP) support is good. Salary will be augmented by a company car and 'leased' car if required.

Candidates should be Chartered Accountants aged 27 or over. Essential recent experience is (a) the preparation of statutory accounts and (b) performance reporting and control in a reasonably advanced environment. The company is a recent group acquisition so it is not yet possible to forecast movement to the parent company. However, planned local growth should provide more than enough in the way of prospects! This is an equal opportunity appointment.

For a fuller job description write to John Courtis & Partners Ltd., Selection Consultants, 78 Wigmore Street, London W1H 9DQ, demonstrating your relevance briefly but explicitly and quoting reference 795/FT.

JC&P

Financial Analysis and Control

around £9,000

London plus car.

A private light manufacturing group with an impressive new team and an eight-figure turnover is now on the acquisition trail. Recent and planned growth necessitates the appointment of a financial analysis manager for the London W1 head office, with particular involvement on planning, sourcing, financial control and analytical appraisal.

Candidates (of either sex) need a base of modern management information experience (budgetary control, pricing, projects, product profitability studies, etc.). Experience in a major group with the ability to adapt it to this smaller environment is preferred. Plant level experience would be an asset. An accounting or business qualification is desirable.

For a fuller job description write to John Courtis & Partners Ltd., Selection Consultants, 78 Wigmore Street, London W1H 9DQ, demonstrating your relevance briefly but explicitly and quoting reference 799A/FT.

JC&P

STERLING BROKERS

Experienced Commercial and Local Authority Brokers required to join an expanding Sterling Department

Please write or telephone in strict confidence to:

W. Laidler, F.C.A.
Secretary
HARLOW MEYER & CO.
Adelaide House
London Bridge, London EC4R 9EQ
Telephone: 01-623 6534

INANCIAL CONTROLLER

£19000 +

ZAMBIA

e Managing Director will be in the United Kingn at the end of January 1978 to recruit a iancial Controller to fill a senior vacancy within : Anglo American Corporation Group's interests the Copperbelt.

: are looking for a man with a minimum of ι years' post-qualification experience to be ;ponsible for the accounting function and to be tey member of a management team concerned h the overall successful operation of a group Companies.

plicants should be aged between 35 and 50 and ist be suitably qualified.

irting basic salary will be not less than K21 000 ich together with terminal gratuity etc. will ovide total emoluments of not less than £19 000 (K1 = £0.695 December 1977).

irnished housing and car are provided and other nefits and conditions are excellent. Zambia joys an almost perfect climate and recreational ilities are plentiful.

ease apply giving full details to:—

Managing Director,
C/o Mrs. M. E. Coombes,
BOART INTERNATIONAL LIMITED,
Furnival House,
14/18 High Holborn,
London WC1V 6BX
Reference No. 16.

ESEARCH/INSTITUTIONAL SALES

BIRMINGHAM

l established Birmingham stockbrokers wish to recruit a arch Analyst/Institutional Sales Executive aged 25/35.

successful applicant should have an ability to communicate, companies and write reports. Previous experience desirable.

se write giving details of your career to date, which will be ted in confidence, to:—

Box No. FT510, c/o Hanway House, Clark's Place,
London EC2N 4BJ.

C&L

Jeddah up to £17,500 tax free plus benefits

FINANCIAL CONTROLLER

Telecommunications

The Client This rapidly expanding Saudi Arabian owned company is both the representative and distributor for major telecommunications companies in the West. As a result of the country's substantial investment in telecommunications the company is poised for further significant growth in this important market.

The Job Responsibility will be for the entire accounting function in the Jeddah head office with functional responsibility for branch offices in Riyadh and Al Khobar. The main tasks will be to ensure that management receives the information needed to plan and control profitability and growth and to provide advice on contract and product pricing, cash management and to direct the small accounting staff.

The Candidate An accounting qualification is essential as is experience in management accounting. Experience in contracting would be a further advantage. Personal qualities must include the ability to impose and work to deadlines and the resourcefulness and flexibility which is required in a wholly different cultural environment.

Brief but comprehensive details of career and salary to date, which will be treated in confidence, should be sent to:

J. G. Cameron, The Executive Selection Division – CF302,
Coopers & Lybrand Associates Ltd., Management Consultants,
Shelley House, Noble Street, London, EC2V 7DQ.

LOAN SYNDICATIONS AND MERCHANT BANKING

An American Commercial Bank requires an individual to join its merchant banking activity in London. Ideally, the successful candidate will be aged 25-30 with a university degree and/or professional qualification background. The individual should essentially have had loan syndication experience with a commercial or merchant bank and will ideally have had exposure to trade finance, project finance and/or private placements. He or she should be a "self-starter" whilst being accustomed to working in an environment where team effort is required.

The responsibilities of the position will be to:

1) Carry out a negotiation, structuring and selling role in loan syndications in London under supervision of the U.S. based loan syndications group.
2) Assist in developing new merchant banking activities for the bank to market throughout Europe, Africa and the Mideast.
3) Assist in the development of marketing skills in support of U.S. merchant banking activities.

The successful candidate will be part of the merchant banking group, which is centred in the U.S., but will work very closely with lending officers in the Europe, Africa and Mideast headquarters in London. Further career prospects would exist within the bank in London or the U.S. according to the individual's expertise, performance and preference.

Salary and excellent fringe benefits will be negotiable according to the qualifications and experience of the candidate, bearing in mind the importance of the position.

Applications, with curriculum vitæ, should be accompanied by a letter stating which banks should not be contacted, and should be sent to:

Box AF 182, Reynell & Son, Ltd., 30/32 Fleet Street, London, E.C.4.

Director of Finance

Part of an international group the company, pleasantly located in the South Midlands, has a turnover of £16m. and employs nearly 1,400. Its products – precision mechanisms – are market leaders.

A Europe-wide re-organisation now requires this appointment to the UK branch. As well as heading the capably staffed finance and management services functions (including in-house computing), there is a need for continuing development of systems and a central contribution to general management decisions.

Ideally aged 33 to 40 and chartered accountants, candidates should have had "sharp end" operational experience in engineering manufacturing with at least 3 years as a profit centre team member. Some time in a multinational would be an asset.

Total emoluments, including a profit bonus, will be around £13,000; 3.5 Rover and other benefits plus re-location help.

Please write – in confidence – to W. A. Griffith ref. B.23491.

This appointment is open to men and women.

MSL Management Consultants
Management Selection Limited
17 Stratton Street London W1X 6DB

INTERNATIONAL MANAGER

CORPORATE AUDIT AND OPERATIONAL REVIEW

Hertfordshire c.£13,500+Car

Our client is a major U.S. corporation engaged in the design, manufacture and distribution of a wide variety of business machines and related equipment to most of the key world market areas.

Reporting to the International Controller in the U.S.A. the successful candidate will be responsible for the development and control of an effective financial and operations audit function covering all activities and regions outside of the Americas. This will entail the recruitment and management of a professional team of staff.

Candidates, male or female, should be qualified accountants, probably aged 28-35, and may currently be in public practice or industry. They should have had previous experience at management level of the audit of major groups operating advanced accounting and reporting systems. In addition they must also be able to demonstrate the ability and maturity to operate independently and to communicate effectively at all management levels.

For more detailed information and an application form, contact Nigel V. Smith, A.C.A. or Ronald Vaughan, A.C.M.A. quoting reference 2068.

Douglas Llambias Associates Ltd.,
410, Strand, London WC2R 0NS. Telephone: 01-836 9501.
121 St. Vincent Street, Glasgow G2 5HW. Telephone: 041-226 3101.
and in Edinburgh.

DLA

ADMINISTRATIVE MANAGER–ACA US BROKING HOUSE

35-50 £10,000-£12,000

Our Client, a leading U.S. Broking House will shortly appoint an administrative manager. His/her responsibilities for a small but dynamic office will include:—

★ Overall responsibility for financial control including Eurobond settlement work.
★ Secretarial—including legal responsibilities.
★ Liaising with New York.
★ Premises control involving the possible relocation of their offices.
★ Personnel supervision involving recruitment and motivation of support staff.

The ideal candidate, probably a Chartered Accountant, would now be working in a Bank or another financial institution: with a proven record in administration. The person appointed will report directly to The Senior Vice President who has overall responsibility for the office, which has been recently re-structured and is expanding — prospects therefore are excellent,

Please apply:—
J. R. V. Coutts,
7, Wine Office Court,
London EC4A 3BY
01-353 1858

Career plan LIMITED

The Rugby Portland Cement Company Limited invites applications for the following positions:

ASSISTANT COMPANY SECRETARY

The successful applicant will join a small secretarial team and be involved in all the normal secretarial activities of a large public company. Promotion prospects are good. Applicants should hold one of the following qualifications: Membership of the Institute of Chartered Secretaries and Administrators, membership of a recognised accountancy body, or be a solicitor or barrister. In addition they should have had up to five years' experience in the secretarial or administration department of a public company. Preferred age group 28-35.

ADMINISTRATION ASSISTANT

The successful applicant will be responsible to one of the two Assistant Managing Directors. The work involved is mostly non-routine and entails many diverse tasks including special projects and research into and provision of information on a wide variety of topics. It necessitates liaison with Heads of Department and Works Managers and also travel within the United Kingdom. Applicants must be graduates and have had at least two years' experience in a commercial environment.

Location: The Company's Head Office in Rugby
Salaries: Negotiable
Other benefits: Relocation assistance, non-contributory pension scheme, profit participation, four weeks' holiday.

Applications should be addressed to:

The Secretary
THE RUGBY PORTLAND CEMENT CO. LTD.
Crown House, Rugby

FINANCIAL CONTROLLER

c.£8,000+Car. Central London

An excellent opportunity in a growth environment.

Ladbrokes is a name synonymous with success. The Casino Division has an enviable growth record in recent years and there is every indication that this will continue well into the future.

As a result of promotion, an opportunity has arisen for a well qualified, dynamic person to join the senior management team in the London Head Office as Financial Controller.

Reporting to the Finance Director and working with a staff of some 20 people, the successful candidate will be responsible for producing statutory, financial and monthly accounts, the preparation of capital and revenue budgets for the annual profit plan and the 3 year plan, and the transfer of a number of accounting functions to an in house on-line mini computer system.

The rewards for this post – both in financial and career terms – are excellent. A salary of £8,000 p.a. is envisaged plus car, W.P.A., 4 weeks holiday, pension scheme and a number of other benefits.

Written applications should be addressed, in confidence to:

Chris Ripper, Personnel Controller,
Ladbroke Casinos,
12/16 Woods Mews, London W.1.

Ladbroke Casinos

Ladbrokes leisure

Marketing Manager

Board Potential–Malaysia

to join an established trading group which handles a range of consumables throughout Malaysia on behalf of international manufacturers. Responsibility will be to the Managing Director for marketing policy and practice to sustain growth. Candidates must have gained wide practical experience of relevant marketing techniques in a substantial organisation, preferably with Far East associations, and should be able to demonstrate their ability to manage a marketing operation in total. Academic or professional qualification to graduate level is essential: preferred age range 28 to 34.

Location is Kuala Lumpur. Compensation package includes an annual salary of around £15,000, company car, housing and usual overseas allowances. A board appointment can be earned within two years.

Please write – in confidence – with full career details to W. A. Griffith ref. B.23489.

MSL Management Consultants
Management Selection Limited
17 Stratton Street London W1X 6DB

Financial Director

Lincolnshire — **Five Figure Salary + car**

A privately owned and successful trading group engaged in food processing, of £20 million turnover and based in Lincolnshire, is seeking to appoint a Financial Director.

Reporting to the Managing Director, the successful candidate will be primarily responsible for assisting in the development and maintenance of the group's financial strength through the provision of forward planning, monitoring, reporting, control and advisory services. The successful applicant will, as a key member of a small board, be required to agree and work towards desirable financial objectives. There will also be involvement in developing data processing systems, to achieve optimum benefit and performance.

This senior post will attract qualified accountants, over 35 years of age with mature judgement, commercial awareness and some previous experience in a food processing environment. Specific knowledge of cash management, project cost control and data processing is also necessary.

A five figure salary will be negotiable according to experience, and a company car will be provided. The excellent fringe benefits include assistance with relocation expenses, where applicable. *(Ref: B9509/FT)*

REPLIES will be forwarded direct, unopened and in confidence to the client unless addressed to our Security Manager listing companies to which they may not be sent. They should include comprehensive career details, not refer to previous correspondence with PA and quote the reference on the envelope.

PA Advertising

6 Highfield Road, Edgbaston, Birmingham B15 3DJ. Tel: 021-454 5791 Telex: 337239

A member of PA International

Controller (Economic Services)

Salary from £7700 to £8300

Welsh Development Agency

The Welsh Development Agency is charged with the task of helping to regenerate the economy of Wales and to improve its environment. It owns and develops industrial estates, provides finance for industry, promotes Wales as a location for investment and reclaims derelict land.

The Agency is seeking a Controller (Economic Services) for its Industry and Investment Division. The Controller heads an Economic Services Department which initiates and carries out market research and analysis, seeks to identify and evaluate investment opportunities, provides regular advice on economic prospects and priorities throughout Wales, and co-ordinates the Agency's forward planning.

Candidates should have a good honours degree or post-graduate qualifications in economics with several years' relevant experience in industry or government, including the management of research. Proven ability is needed to compose quickly and clearly studies and other papers, some of which may be published.

Salary is within the range £7700 to £8300, together with a car allowance. There is a contributory pension scheme and generous leave allowance.

Please write or telephone for an application form, to be completed and returned by 2nd February, 1978. RECENT APPLICANTS FOR THE POST ARE INVITED TO SIGNIFY THEIR INTEREST WITHOUT RE-SUBMITTING APPLICATION FORMS.

Personnel Department (Ref 176P), Welsh Development Agency, Treforest Industrial Estate, Pontypridd, Mid Glamorgan, CF37 5UT. Tel: Treforest (044 385) 2666, Ext. 262.

Financial Controller

Australia — **c.A$45,000**

Metal Manufactures Ltd., a member of the BICC Group of Companies and one of the largest manufacturing companies in Australia, is seeking a top-flight Financial Controller to replace the current incumbent who is retiring early on ill-health grounds.

The Company, which is widely diversified, has assets of A$130m and a turnover of A$250m through its nine subsidiary and associate companies which together employ 6,500 people in 26 plants. The product range is predominantly non-ferrous metals, cables of all types and plastics.

At the Head Office located in Sydney, the Financial Controller, reporting to the MD, would form part of a small central staff responsible for the overall profitable performance and administration of the Company.

The requirement is for a man of proven experience in all aspects of Finance from the acquisition of funds, through planning and monitoring their use to control accounting and tax administration. In MM the strategic planning function reports to the Financial Controller.

Successful performance would be expected to lead to a Board appointment within two years.

The preferred age range is 40–50.

Remuneration is for negotiation in the area of A$45,000 and relocation costs will be met.

Interviews will take place initially in London during January/February.

Applications to:

W. B. Keates, Manager, Executive Development, BICC Ltd., P.O. Box No. 5, 21, Bloomsbury Street, London WC1B 3QN

BICC

Financial Director

£12,000 + car — **Scotland**

This well known and rapidly developing company in the retail sector seeks an experienced Financial Director, who will have total responsibility for all financial aspects of its operations. Priority areas are the review of existing systems and design and implementation of new systems for the group, together with the development of financial planning.

Candidates, male or female, probably aged 35-45 should be accountants with substantial experience at senior level in a major organisation, where they have had total financial control and, in particular, experience of designing, developing and introducing financial systems. Personal qualities of a high order are necessary to join this Board and make the contribution looked for in the finance function. Opportunities for career development into a general management role are excellent. Salary is negotiable to £12,000 plus car, together with other benefits which include generous help with relocation costs to Scotland.

(Ref: AA45/6289/FT)

Initial interviews are conducted by PA Consultants. No details are divulged to clients without prior permission. Please send brief career details or write for an application form, quoting the reference number on both your letter and envelope, and advise us if you have recently made any other applications to PA Personnel Services.

PA Personnel Services

Hyde Park House, 60a Knightsbridge, London, SW1X 7LE Tel: 01-235 6060 Telex: 27874

A member of PA International

Chartered Accountants

Merchant Banking

We are seeking two newly qualified chartered accountants to join our expanding corporate lending Division.

Successful candidates will probably be graduates in their early/mid twenties.

Salary will be negotiable within an attractive remuneration package.

Apply in strict confidence with c.v. to:

David Woodward, Personnel Manager, County Bank Limited, 11, Old Broad Street, London EC2N 1BB Telephone 01-638 6000.

County Bank

A member of the National Westminster Bank Group

Young H.Q. Financial Strategist

c. £7,500 + car

Our Client, a leading international company with an above average growth record engaged in the Industrial and Automotive Products Sectors, wishes to strengthen its West End of London based H.Q. Finance staff.

Operating within a small team, the areas of responsibility will broadly include Group level appraisal of financial performance, the further development of Group financial controls, the review of major capital and acquisition proposals, assisting with the preparation of the Group budget, and a range of other assignments.

Candidates will be qualified accountants possibly straight from a major Professional firm, or MBA's having industrial financial experience, with a keen business sense and an ability to communicate well at all levels. Promotion possibly to senior line management should be achieved within eighteen months.

Please apply in writing, giving your telephone number, and quoting reference 803, to Peter Barnett, Barnett Keel Ltd., Providence House, River Street, Windsor, Berks SL4 1QT Tel: Windsor 57011.

Barnett Keel

MANAGEMENT SEARCH

VACANCY IN THE INVESTMENT DEPARTMENT OF BARCLAYS BANK

Barclays Bank requires an experienced assistant to help with the management of their pension fund. Applicants, male or female, should be aged between 26-30 and have a minimum of 2 years' experience managing overseas stocks.

The salary will depend upon previous experience but **will not be less than £5,700** (including London allowance and supplements).

The usual Bank benefits will also apply including a non-contributory pension scheme and profit sharing scheme.

Applications including brief career details should be sent to:–

Mr. G. E. Hall, Investment Manager, Barclays Bank Limited, 54 Lombard Street, London EC3P 3AH. Telephone: 01-626 1567.

BARCLAYS

GENERAL MANAGER-HONG KONG

A company about to be established, with substantial Chinese financial backing, requires a General Manager, who will be responsible for setting up the company and for the development and effective management of the business.

Applicants should be between 30 and 40 years of age and be qualified in all main classes of insurance and reinsurance, preferably a Fellow or Associate of the Chartered Insurance Institute.

Salary and other benefits will be subject to negotiation, but will be substantial.

Write Box T4806, Financial Times, 10 Cannon Street, EC4P 4BY.

Senior International Banker—Far East

We are a London headquartered consortium bank with exceptionally strong shareholders. Expansion of our business in the Far East has created a senior position for an International Banker with good experience in the area. The executive will be located initially in London with eventual residence in the field possible. Salary and benefits will be based on qualifications.

Curriculum Vitae and a hand-written letter stating the reasons for interest in the position should be addressed in complete confidence to:

G. H. Hoffman, Managing Director, 2 Throgmorton Avenue, London EC2N 2AP

SENIOR EXECUTIVES

Whatever you do, do better

We're not just talking about the obvious ways—higher salary, better conditions, more incentive.

We are also talking about more job satisfaction, less frustration, better utilisation of your talents. Perhaps even total re-orientation of your career.

Whatever it is, we could help—by discussing you, your circumstances, career, aims. And by advising you on steps that could lead to you doing better—including the whole process of application, interviews and negotiation for a new position. Simply dial 01-638 3719, and ask for JOHN BALL, or write for a confidential discussion.

Royston Ridgeway Consultants

Central House, Upper Woburn Place, London WC1H 0QA.

STOCKBROKERS CLERKS

Transfers	£3,200 neg.	Rights	£3,250 neg.
Names	£3,400 neg.	Contracts	£3,500 neg.
Valuations to	£4,000	Gilt Edged	£3,500 neg.
Cashier/Ledger	£3,500 neg.		

For further details ring

Mr. Robson, CB Personnel on 01-493 5641 (Consultants)

ASSISTANT

wanted to help keen

INVESTMENT MANAGEMENT

team to maintain high standards as their business expands—able to assist with contracts, valuations, basic book-keeping, records, filing research material and all other office work, when holidays or extra activity puts one department under pressure. The job would suit a young person wanting to learn about all aspects of investment. It is hoped that the new member of the team would be of suitable calibre to transfer manual contracts/records to COMPUTER.

Starting salary c. £3,500 p.a., plus LV's, plus health insurance.

Telephone: 01-628 9336

James Taylor-Dickson

WALTER WALKER & CO.

Investment Analyst

Walter Walker & Company have a vacancy for an experienced analyst. The position should be particularly of interest to applicants capable of undertaking research into companies in more than one sector of the U.K. industrial market.

Please apply enclosing C.V. to:

A. P. Smith, Walter Walker & Co.
154 Bishopsgate, London EC2M 4XB

ACCOUNTANTS c £8,000

Due to further expansion, a major oil company is looking for 2 accountants to form an integral part of their senior management team. Previous experience in the petrochemical industry or a similar industrial, engineering background is an important requirement. Prospects for a rapid career advancement are excellent and will be actively encouraged. Do contact us in confidence and we'll keep you informed of these and other senior and junior positions in the accountancy field.

Stephens Selection

35 Dover Street, London W1X 3RA. 01-493 0617

Recruitment Consultants

BLUE BUTTON

Medium sized firm of Stockbrokers require Blue Button. Previous Market experience not essential.

Write Box A.6226, Financial Times, 10, Cannon Street, EC4P 4BY.

FIRST-CLASS OPPORTUNITIES

available to qualified, student and experienced accounting personnel. *Contact Bob Miles or Brian Cognet on 01-628 2691.*

DRAKE ACCOUNTING

INTERNATIONAL REAL ESTATE COMPANY

Wishes to appoint an experienced salesman to sell Canadian and South American land for commission. Must have good connections in the financial community and be prepared to devote full time.

Write:—

S. Mednick, 286 Lawrence Avenue, W., Toronto, Canada, M5M 3A8.

Assistant Co-ordinator -Offshore Companies

£7,000-£7,500

The trustee and taxation subsidiary of an International Bank requires an executive to assist in the co-ordination and development of its overseas business. The successful candidate will be based in London but will be required to travel overseas and will have the ability to discuss fiscal matters at both the individual and corporate level. Applicants should be in their late twenties and should have a working knowledge of either personal or corporate taxation.

Non-contributory pension scheme, free lunches and other excellent fringe benefits.

Write in confidence, giving full details of experience to:

V. W. Burden,
Bull Holmes Bartlett, Ltd.,
45 Albemarle Street,
London W1X 3FE.

Companies to whom you would not wish your application forwarded should be listed separately.

Bull Holmes Bartlett

Clerical Assistant for expanding

Corporate Trustee Department

Applicants should ideally be familiar with corporate trustee work.

Salary negotiable and excellent fringe benefits.

Telephone 01-606 5451 or write to:

The Secretary, The Law Debenture Corporation Ltd., Estates House, 66 Gresham Street, London EC2V 7HX.

Credit Analyst — to £7,000

An appointment with an energetic, progressive Consortium Bank offering a genuinely well-trained, experienced Analyst, every opportunity to develop his/her skills and responsibilities.

Bank Accounting — c. £6,000

This is an opportunity for a bright young Accountant to play a positive part in a prominent City Merchant Bank's financial and management accounting. You should have at least part of your Accountancy qualification and some Banking element in your practical experience.

F/X Operations — £3,800-£4,300

Two extremely active International Banks each seek a really capable and responsible person to assist with their F/X "back-up" functions, demanding good experience of Instructions/Settlements, Nostro Reconciliations, etc. It's hard work ... but well worth it!

Please telephone either John Chiverton, A.I.B. or Trevor Williams ... on 405 7711.

David White Associates Ltd.

Hampden House, 84, Kingsway, London, W.C.2.

FRENCH PRIVATE BANK

is seeking an experienced

Eurobond Dealer

to develop existing and new contacts for both primary and secondary market. The individual selected will be ready to solicit business on an active basis from Paris accompanied by visits abroad to develop a more personal relationship.

Candidates will have to be professionally qualified with at least three to five years' experience in this activity.

Remuneration attractive for the right candidate. This position is open to either a German, Dutch or British National or to a French citizen with full knowledge of English and German.

Send manuscript letter with c.v. and photo to:

PLAIN CHAMPS,
5, rue du Helder—75009 Paris (France).
Reference number: 2131

ROBERT FLEMING & CO. LIMITED

require

CLERK FOR THEIR NOMINEE DEPARTMENT

Age 18-23 with G.C.E. 'O' Levels.

Knowledge of Dividends/Bonuses/Rights would be useful.

Good Salary and Fringe Benefits.

Telephone Ron Ridge 01-638 5858 or write 8 Crosby Square, London EC3A 6AN.

CHIEF ACCOUNTANT £8500

required by firm of Financial Consultants to be responsible for in house accounting and important aspects of work for clients. Applicant should be qualified, in his/her mid 30s and commercially minded. Ideal career opportunity including some international work. Send full personal details to

The Chairman,
Resource Evaluation Limited, Resource Evaluation House,
108 Aldersgate Street, London, EC1A 4JQ.
or telephone for an appointment, 253 8011.

SENIOR EUROBOND DEALER

An International Company requires a Senior Eurobond Dealer with a minimum of 3 years' experience. Fluency in German advantageous. Competitive salary and profit sharing will be offered.

For further details please telephone Mr. S. Al-Sabouni on 01-499 8385, or write in complete confidence to Box A.6225, Financial Times, 10, Cannon Street, EC4P 4BY.

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OFFSHORE AND OVERSEAS FUNDS

INSURANCE, PROPERTY, BONDS

CLIVE INVESTMENTS LIMITED

:oyal Exchange Ave., London EC3V 3LU. Tel.: 01-283 1101
ex Guide as at 11th January, 1978 (Base 100 at 14.1.77.)

Clive Fixed Interest Capital	134.97
Clive Fixed Interest Income	127.53

CORAL INDEX: Close 474-479

INSURANCE BASE RATES

† Property Growth	8½%
Cannon Assurance	4½%

† Address shown under Insurance and Property Bond Table.

BASE LENDING RATES

3.N. Bank	6½%	■ Hill Samuel §	6½%
hed Irish Banks Ltd.	6½%	C. Hoare & Co. †	6½%
herican Express Bk.	8½%	Julian S. Hodge	7½%
ıro Bank	6½%	Hongkong & Shanghai	6½%
P Bank Ltd.	6½%	Industrial Bk. of Scot.	7 %
ıry Ansbacher	6½%	Keyser Ullmann	6½%
nco de Bilbao	6½%	Knowsley & Co. Ltd.	9 %
nk of Credit & Cmce. ‖	6½%	Lloyds Bank	6½%
nk of Cyprus	6½%	London & European	8½%
nk of N.S.W.	6½%	London Mercantile	6½%
nque Belge Ltd.	6½%	Midland Bank	6½%
nque du Rhone	7 %	■ Samuel Montagu	6½%
rclays Bank	6½%	■ Morgan Grenfell	6½%
rnett Christie Ltd.	8½%	National Westminster	6½%
emar Holdings Ltd.	7½%	Norwich General Trust	6½%
it. Bank of Mid. East	6½%	P. S. Refson & Co.	6½%
own Shipley	6½%	Rossminster Accept'cs	6½%
nada Permanent AFI	6½%	Royal Bk Canada Trust	6½%
pitol C & C Fin. Ltd.	9 %	Schlesinger Limited	7 %
yzer Ltd.	7 %	E. S. Schwab	8½%
dar Holdings	8 %	Security Trust Co. Ltd.	7½%
arterhouse Japhet	6½%	Shenley Trust	9½%
E. Coates	7½%	Standard Chartered	6½%
nsolidated Credits	7½%	Trade Dev. Bank	6½%
operative Bank *	6½%	Trustee Savings Bank	6½%
inthian Securities	6½%	Twentieth Century Bk.	7½%
dit Lyonnais	6½%	United Bank of Kuwait	6½%
Cyprus Popular Bk.	6½%	Whiteaway Laidlaw	7 %
ıcan Lawrie ¶	6½%	Williams & Glyn's	6½%
ıl Trust	6½%	Yorkshire Bank	6½%
ılish Transcont.	8 %		
st London Secs.	6½%		
ıt Nat. Fin. Corpn.	9 %		
ıt Nat. Secs. Ltd.	8 %		
ony Gibbs	6½%		
de Durrant Trust	7½%		
yhound Guaranty	6½%		
ıdlays Bank ‡	6½%		
ıness Mahon	6½%		
ıbros Bank	6½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 3%, 1-month deposits 3½%.
† 7-day deposits on sums of £10,000 and under 3%, up to £25,000 3½% and over £25,000 4½%.
‡ Call deposits over £1,000 3%.
§ Demand deposits 4%.
¶ Rate also applies to Sterling Ind. Secs.
‖ 7-day deposits 3½%. Rates for Term Deposits over £1,000 negotiable.

ADERS AND LAGGARDS

lowing table shows the percentage changes which have taken place nber 31, 1976, in the principal equity sections of the FT Actuaries Share also contains the Gold Mines Index.

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

1977-78 High	Low	Stock	£	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
101 13/16	95⅝	Treasury 9pc 1978‡‡	100 13/16	.....	8.96	5.86
104 1/16	97⅞	Treasury 10½pc '78‡‡	102½	.....	10.24	5.26
100⅛	90 15/16	Exch. 5pc '76-78‡‡	99½	.....	5.03	5.73
107	95 3/32	Treasury 11½pc '79‡‡	104¾	.....	10.98	7.08
97¾	84 15/32	Treasury 3pc '79‡‡	95¼	.....	3.15	6.04
98¾	85⅛	Electric 4¼pc '74-79	96¼	.....	4.42	6.63
106 13/16	92	Treasury 10½pc '79‡‡	104 1/16	.....	10.09	7.98
97⅝	84⅞	Electric 3½pc '76-79	95½	.....	3.67	6.14
107	87¾	Treasury 9pc 1980‡‡	102	+1/16	8.82	7.96
105¾	88⅝	Treasury 9½pc '80‡‡	101 13/16	.....	9.32	8.56
96	82⅞	Treasury 3½pc '77-80	94¼	.....	3.71	6.11
98¼	83 3/16	Funding 5¼pc '78-80‡‡	95⅛	.....	5.51	7.38
112 3/16	96 13/32	Exchequer 13pc 1980‡‡	108⅞	+1/16	11.94	9.36
108 5/16	92 3/32	Treasury 11½pc 1981‡‡	105⅛	+1/16	10.94	9.49
94¼	77⅞	Treasury 3¼pc 1979-81	91⅛xd	+⅛	3.84	6.70
104	86 5/16	Treasury 9¾pc 1981‡‡	100½	+⅛	9.70	9.54
97 3/16	96⅛	Exch. 8¼pc 1981	96 5/16	+1/16	8.54	9.45
103½	97½	Exch. 9½pc 1981	99 13/16xd	+1/16	9.51	9.54
92⅛	67 15/16	Exch. 3pc 1981	87⅛xd	+1/16	3.42	6.92
98⅜	96⅛	Treas. Variable '81§§	96⅜	.....	6.56	7.42
113 13/16	96¼	Exch. 12¼pc 1981‡‡	109⅝	+¼	11.63	9.68
100⅝	82⅞	Treas. 8½pc '80-82‡‡	97⅞	+¼	8.69	9.14
93⅛	71⅝	Treasury 3pc '82‡‡	85⅜xd	+⅛	3.51	7.22
119 3/16	101⅝	Treasury 14pc '82‡‡	113⅞	+¼	12.29	9.84
98½	95¾	Treas. Variable '82§§	95 13/16	+1/16	6.59	7.41
98⅝	93⅝	Treasury 8¼pc '82	95½	+½	8.64	9.48
102⅛	93⅝	Exch. 9¼pc 1982	98½	+½	9.39	9.64
		Five to Fifteen Years				
87⅝	81¼	Exch. 3pc '83	81⅞xd	+¼	3.65	7.26
114¼	95½	Treasury 12pc 1983‡‡	113½	+¼	10.97	6.94
101⅛	96½	Treasury 9¼pc '83	98xd	+¼	9.44	9.74
95½	72⅝	Funding 5½pc '82-84‡‡	88	+¼	6.25	8.08
100¼	77⅛	Treasury 8½pc '84-86‡‡	95½	+¼	8.92	9.32
87⅞	66¾	Funding 6½pc '85-87‡‡	86	+¼	7.68	8.98
94	68½	Treasury 7¾pc '85-88‡‡	87⅞xd	+¼	8.80	9.64
74 7/16	49⅛	Transport 3pc '78-88	66⅞	+¼	4.50	7.69
76¼	53⅞	Treasury 5pc '86-89	73⅝	+¼	6.92	8.83
121¼	90	Treasury 13pc 1990‡‡	113⅛	+½	11.51	11.02
94¾	67⅛	Treasury 8¼pc '87-90‡‡	87⅞	+⅜	9.47	10.10
112	88¾	Treasury 11¾pc 1991	104⅜	+½	11.29	11.15
76½	53¾	Funding 5¾pc '87-91‡‡	73⅝	+¼	8.02	9.56
118	86¾	Treasury 12¾pc '92‡‡	110⅛xd	+½	11.57	11.28
96⅛	89¾	Treasury 10pc 1992	92xd	+½	10.76	11.01
113	89½	Exch. 12¾pc '92	111⅛	+½	11.54	11.36
		Over Fifteen Years				
116¼	84½	Treasury 12½pc '93‡‡	108⅝	+½	11.53	11.34
73 11/16	51⅝	Funding 6pc 1993‡‡	70⅞	+¼	8.72	9.97
126½	96	Treasury 13¾pc 1993‡‡	118⅛	+½	11.86	11.52
129¾	99	Treasury 14½pc '94‡‡	126¼	+½	11.97	11.57
114⅛	94⅝	Exch. 12½pc 1994	106⅞xd	+½	11.57	11.43
96	66¼	Treasury 9pc '94‡‡	88⅜	+½	10.37	10.70
110¾	97⅞	Treasury 12pc '95	104⅝xd	+½	11.45	11.36
51⅞	32⅝	Gas 3pc '90-95	51	+¼	5.96	8.55
30	29⅝	Exch 10¼pc '95 (£30pd)	29⅞	–⅛	10.87	10.99
120 5/16	87	Treasury 12¾pc '95‡‡	112	+½	11.62	11.45
92½	66¼	Treasury 9pc '92-96‡‡	88⅞	+½	10.49	10.88
133¾	101⅛	Treasury 15¼pc '96‡‡	129⅛	+½	12.09	11.74
124	89¾	Exchequer 13¼pc '96‡‡	115½	+½	11.71	11.51
50	31¾	Redemption 3pc 1986-96	49⅛	+¼	6.22	8.62
122½	87⅛	Treasury 13¼pc '97‡‡	113⅛xd	+½	11.70	11.52
98⅛	90⅝	Exchequer 10½pc 1997	93⅞xd	+½	11.07	11.17
89⅝	64⅞	Treasury 8¾pc 1997‡‡	86½	+½	10.52	10.84
72¾	50¾	Treasury 6¾pc '95-98‡‡	70⅜	+⅜	9.80	10.47
136½	103⅝	Treas. 15½pc '98‡‡	133⅛	+⅝	12.05	11.77
97	65⅞	Treasury 9½pc 1999‡‡	89	+½	10.69	10.85
56¼	54½	Treas. 10½pc '99 (£55pd)	55	+½	11.08	11.15
44¾	27⅝	Funding 3½pc '99-04	41⅝	+¼	8.42	9.64
82¼	57½	Treasury 8pc '02-06‡‡	79	+¼	10.43	10.60
59	40½	Treasury 5½pc '08-12‡‡	56½	+¼	10.09	10.35
80¾	53¼	Treasury 7¾pc '12-15‡‡	74½xd	+¼	10.42	10.47
		Undated				
38⅞	26⅝	Consols 4pc	36⅝xd	+⅛	10.95	—
38½	25⅝	War Loan 3½pc‡‡	36½	+¼	9.71	—
39¼	26¾	Conv. 3½pc '61 Aft.	38⅝	+¼	9.32	—
28⅝	20½	Treasury 3pc '66 Aft.	27⅞	+⅛	11.11	—
24⅛	17¼	Consols 2½pc	23½	+⅛	10.68	—
24	17⅛	Treasury 2½pc	23⅝	+⅛	11.05	—

**INTERNATIONAL BANK

88¼	75½	5pc Stock '77-82	87½xd	–¼	5.71	8.34

**CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

[illegible]

AMERICANS—Continued

[illegible]

S.E. List Premium 29½% (based on $US1.8210 per £)

Conversion factor 0.7704 (0.7888)

CANADIANS

[illegible]

S.E. List Premium 29½% (based on $2.1126 per £)

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

BUILDING INDUSTRY—Cont.

[illegible]

CHEMICALS, PLASTICS

[illegible]

CINEMAS, THEATRES AND TV

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Cont.

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

INSURANCE—Continued

PROPERTY—Continued

INV. TRUSTS—Continued

FINANCE, LAND—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCE

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

Finance, Land, etc.

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

MINES—Continued

CENTRAL AFRICAN

1977-78 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
195	70	Falcon Rh.50c	180	—5	Q50c	ϕ	26.0
22	9	Rhod'n Corp. 16½p.	20	—1	0.57	4.3	4.3
165	52	Roan Cons. K4	52	—	—	—	—
164	115	Tanganyika 50p	135	+1	Q11.0	1.1	9.2
80	70	Do. Pref 80p	78	—	Q9%	16.4	9.2
42	27	Wankie Col. Rh.1	37	—1	Q7½c	1.4	17.3
27½	11½	Zam.Cpr SBD0.24	11½	—½	—	—	—

AUSTRALIAN

1977-78 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
20	10	Acmex 25c	11	—	—	—	—
127	57	Bougainville 50 Toea.	69	—1	Q10c	1.5	9.2
128	69	BH South 50c	72	—	—	—	—
325	119	Conzinc Riotinto 50c	168	—2	Q9c	2.3	3.3
65	18	G.M. Kalgoorlie $1	60	+2	—	—	—
112	77	Hamptn. Areas 5p	82	—	1.45	4.1	2.7
35	10	Metals Ex. 50c	14	—	—	—	—
242	125	M.I.M. Hldgs. 50c	132	—2	Q9c	1.7	4.2
105	10	Mount Lyell 25c	18	—2	—	—	—
2¼	1	Newmetal 10c	2	—	—	—	—
120	79	North B. Hill 50c	85	+1	Q8c	1.5	5.8
12	4½	Nth. Kalgurli	9	+½	—	—	—
143	87	Oakbridge $A1	127	+2	Q11c	1.9	5.5
55	20	Pacific Copper	34	—	—	—	—
£13	575	Pancont'l 25c	900	—	—	—	—
19	8	Paringa M&Ex 5p	12½	—	—	—	—
555	345	Peko-Wallsend 50c	405	—	Q15c	4.0	2.3
—	—	Poseidon 20c	75ϕ	—	—	—	—
12	6	Vultan Mm. 50c	11	—	—	—	—
164	87	Westn. Mining 50c	91	—1	Q6c	1.4	4.1
75	40	Whim Creek 20c	45	—	—	—	—

TINS

1977-78 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
39	18	Amal. Nigeria	30	—	2.51	1.6	12.7
395	240	Ayer Hitam $M1	248	+5	Q42.7c	0.9	36.1
57	25	Beralt Tin	46	—	3.75	2.3	12.4
260	155	Berjuntai $M1	205	+5	‡Q60c	ϕ	—
570	260	Geevor	470xd	—	†18.15	3.4	5.8
13	8	Gold & Base 12½p	10	—	—	—	—
325	190	Gopeng Cons.	260	+5	13.2	1.9	7.8
140	72	Hongkong	140	+18	—	—	—
100	60	Idris 10p	93	—	9.14	1.0	15.6
10½	7	Jantar 12½p	10	—	—	ϕ	—
85	30	Kamunting $M0.50	68	—	‡Q15.5c	0.7	4.9
490	260	Killinghall	450	—	Q125	ϕ	27.8
410	217	Malay Dredgng $M1	280	—	Q95.5c	ϕ	7.3
46	40	ΔPahang	45	+3	‡Q2.5	0.5	5.6
70	50	Pengkalen 10p	58	—	5.58	1.3	14.6
215	133	Petaling $M1	175	—	[illegible]	10.9	1.5
90	35	Saint Piran	58	+3	g1.99	ϕ	5.2
73	55	South Crofty 10p	58	+3	64.12	1.5	10.8
210	77	South Kinta $M0.50	145	—	‡Q77.8c	1.4	11.5
305	148	Sthn. Malayan $M1	245	—	‡Q113c	1.1	11.5
160	57	Sungei Besi $M1	140	+4	—	—	—
·60	19	Supreme Corp. $M1	57	+2	ZQ10c	—	3.8
102	42	Tanjong 15p	100	—	6.25	ϕ	9.9
95	45	Tongkah Hrbr. $M1	74	—	Q68%	1.6	16.5
203	93	Tronoh $M1	150	+2	ZQ30c	2.0	4.3

COPPER

1977-78 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
198	84	Messina R0.50	88	—	Q30c	1.9	20.4

MISCELLANEOUS

1977-78 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
9½	9	Burma Mines 17½p.	9	—	—	—	—
115	58	Colby Mines $C1	79	—	—	—	—
600	225	Cons. Murch. 10c	235	+10	Q30c	ϕ	‡
475	250	Northgate C$1	265	+5	—	—	—
247	173	R.T.Z.	179	+3	†8.5	q3.1	7.2
70	28½	Sabina Inds. C$1	34	—	—	—	—
£14⅝	818	Tara Exptn. $1	850	—	—	—	—
55	39	Tehidy Minerals 10p	45	—	1.21	2.5	4.1
160	121	Yukon Cons. C$1	127	—	Q7c	ϕ	3.3

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ø Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issues cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ϕ Same interim: reduced final and/or reduced earnings indicated.
- ‡ Forecast dividend: cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✦ Regional price.
- ǁ No par value

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Cover and P/E ratio exclude profits of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1976. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 33

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	23	—
Ash Spinning	46	—
Bertam	19	—
Bdg'wtr Est. 50p	282	—
Clover Croft	23	—
Craig & Rose £1	380	—
Dyson (R.A.)	35	—
Ellis & McHdy	68	—
Evans Fr'k 10p	58	—
Evered	17	—
Fife Forge	47	—
Finlay Pkg 5p	20½	+1
Graig Ship £1	240	—
Higsons Brew	75xc	—
I.O.M. Stm. £1	137	—
Holt (Jos.) 25p	237	—
N'thn. Goldsmith	48xc	—
Pearce (C. H.)	127	—
Peel Mills	17	—
Sheffield Brick	48	—
Sheff. Refrshmt.	50	—
Shiloh Spinn	19	—
Sindall (Wm.)	85	—

IRISH

Conv. 9% '80/82	£97⅛	—¼
Alliance Gas	70	—
Arnott	315	—
Carroll (P.J.)	110	—3
Clondalkin	85	—
Concrete Prods.	121xd	—
Heiton (Hldgs.)	51	—1
Ins. Corp.	175	—
Irish Ropes	110	+2
Jacob	63	+1
Sunbeam	26	—
T.M.G.	175	+3
Unidare	70	—

OPTIONS
3-month Call Rates

Industrials	
A. Brew	6½
A.P. Cement	18
B.S.R.	11
Babcock	10
Barclays Bank	25
Beecham	36
Boots Drug	15
Bowaters	16
B.A.T.	24
British Oxygen	6
Brown (J.)	20
Burton 'A'	9
Cadburys	5
Courtaulds	10
Debenhams	10
Distillers	13
Dunlop	8½
Eagle Star	11
E.M.I.	18
Gen. Accident	17
Gen. Electric	16
Glaxo	40
Grand Met.	9
G.U.S. 'A'	18
Guardian	18
G.K.N.	22
Hawker Sidd.	60
House of Fraser	12
I.C.I.	25
"Imps"	7
I.C.L.	20
Inveresk	7
KCA	5
Ladbroke	17
Legal & Gen.	14
Lex Service	6
Lloyds Bank	22
"Lofs"	5
London Brick	5
Lonrho	7
Lucas Inds.	25
Lyons (J.)	13
"Mams"	7
Mrks. & Spncr	13
Midland Bank	25
Nat. West. Bank	22
Do. Warrants	10
P & O Dfd.	12
Plessey	9
R.H.M.	5
Rank Org. 'A'	18
Reed Intl.	18
Reyrolle	20
Spillers	4
Tesco	4
Thorn 'A'	22
Trust Houses	13
Tube Invest.	30
Unilever	40
Utd. Drapery	7½
Vickers	15
Woolworths	6
Property	
Brit. Land	3¼
Cap. Counties	5
E.P.	5
Intereuropean	5
Land Secs.	18
MEPC	12½
Peachey	10
Samuel Props.	10
Town & City	2
Oils	
Brit. Petroleum	45
Burmah Oil	7
Charterhall	3½
Shell	28
Ultramar	22
Mines	
Charter Cons.	12
Cons. Gold	20
Rio T. Zinc	16

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Thursday January 19 1978

Human Rights court clears U.K. of torture

BY DAVID BUCHAN

STRASBURG, Jan. 18.

BRITAIN was cleared to-day by the European Court of Human Rights of torturing detained suspects in Northern Ireland in 1971. But the court upheld last year's conclusion by the Strasbourg Commission on Human Rights that British security forces had used inhuman and degrading treatment on detainees.

The court rejected the Irish request that the U.K. Government be ordered to prosecute those officials responsible for the condemned practices.

These were two main elements in to-day's verdict, delivered nearly six years after Ireland first brought the case against Britain. To-day's ruling is the first delivered by the Strasbourg court on a dispute between governments and has attracted wide international attention. Costs are reported to be £1m. sterling.

The end of the case is expected to remove what has been a major irritant in Anglo-Irish relations.

British and Irish Government officials, in different ways, were somewhat taken aback by the verdict—ironically only given because Ireland chose to press the case.

The U.K. Government has not contested this charge made by the Human Rights Commission last January, but had argued that, in view of British assurances, there was no point in the court's ruling on this matter.

In March, 1972, Mr. Edward Heath, then Prime Minister, told the Commons that the so-called five practices — subjecting detainees to hooding, loud and continuous noise, reduced sleep and diet, and prolonged standing —had stopped. Last year, Mr. Sam Silkin, Attorney General, told the Strasbourg Court they would never be used again.

By 16—1 the Strasbourg judges held that the combined use of the five interrogation techniques amounted to inhuman and degrading treatment. But by 13—4 — with the Irish, Austrian, Cypriot and Greek judges dissenting—they held it did not constitute suffering of the particular intensity and cruelty implied by the word torture.

After the verdict, British officials pointed out that "everything the Irish Government had sought at last April's court hearing was to-day rejected by the court."

These were principally that the court should go beyond the Human Rights Commission's conclusion and rule that torture had been used as a general practice even after 1971; that British security forces had discriminated by only detaining IRA suspects and not Loyalist extremists; and that British Army and Ulster police officers should be prosecuted.

Giles Merritt writes: In an official statement, the Irish Government said last night that "as a result of the case, Ireland has succeeded in outlawing in Northern Ireland . . . the use of methods of interrogation which the European Commission of Human Rights did not hesitate to call torture."

The statement gave a warning that reintroduction of such methods would render Britain "liable to expulsion from the Council of Europe."

In Belfast, British authorities privately have welcomed the ruling with relief, especially over the court's statement that it was not empowered to order judicial proceedings against individual members of the security forces.

Richard Evans, Lobby Editor, writes: Ministers hope that any ill-feeling caused between the British and Irish Governments over the charges will disappear soon and relations will continue to improve.

Mr. Airey Neave, Conservative spokesman on Northern Ireland, said the court's findings were almost the same as those of the inquiry ordered by the British Government in 1971, when it was decided to stop the interrogation techniques.

A useful safety valve, Page 2

BSC agrees to give committee more information

BY ROY HODSON AND JOHN LLOYD

THE British Steel Corporation last night avoided a confrontation with MPs by agreeing to submit detailed information about BSC's financial plans to the select committee on nationalised industries.

Within hours of receiving an order from the office of the Serjeant at Arms to provide more information, the BSC board said that it would do so.

The statement, issued after last night's full board meeting, said: "The Board of the BSC has met to consider the position of the BSC and the select committee on nationalised industries. The order received to-day refers to the progression since January 1976 of estimates made by the corporation of sources and application of funds for the current year 1977-78 as submitted to the Department of Industry.

Closed doors

"This request had not previously been made by the select committee. The BSC is ready to give this information to the select committee forthwith."

Sir Charles Villiers, the BSC chairman, will appear before the committee's next meeting on January 30. His new evidence may be heard behind closed doors.

Mr. Russell Kerr, the committee chairman, welcomed Sir Charles' decision but other committee members were angry about the Board's claim that the information had not been asked for previously by the committee.

When Sir Charles appears before the committee, he will have a defence, prepared by the corporation's lawyers, of why he did not disclose information about the growing deterioration in the corporation's finances last year.

The committee's two reports last week criticised British Steel and Government for failing to provide what members considered to be adequate evidence about BSC's finances. It pressed for full disclosure of documents which passed last year between Mr. Eric Varley, the Industry Secretary, and Sir Charles on the industry's finances.

Its present requirements cover the quarterly revisions of British Steel between January 1, 1976, and September 30, 1977, of the forecasts submitted to the Department of Industry.

Those forecasts include application of funds, levels of internally generated funds, public dividend capital raised and in use, foreign borrowings, and British borrowings.

No secrets

An ironic feature of the rumpus is that no new and startling facts are going to be revealed. Mr. Varley brought the story up to date this week when he admitted that the corporation would be losing £520m. in the current year.

The new evidence is expected to show that British Steel and the Department of Industry were taking a graver view last year of British Steel's fortunes than they admitted publicly.

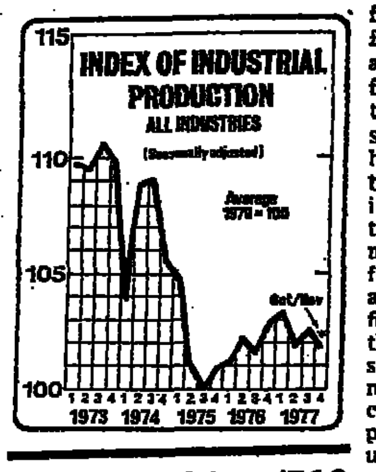
But the true state of the corporation's affairs was widely and repeatedly explained in the Press without being denied at the time. And the British Steel internal documents, which were circulated last week by an anonymous figure, and have since been admitted by the corporation to be genuine, confirm that losses of £466m. for the current year were being considered as early as July, 1977.

Meanwhile, there is concern within British Steel that the argument about last year's figures may distract attention from the much more urgent industrial and political problem of what to do to stem the massive current losses of £10m. a week.

THE LEX COLUMN

VW steers towards a rights issue

It has been a vintage year for Germany's car industry and nowhere is this more visible than in the affairs of Volkswagen, Europe's largest car manufacturer. Just three years ago the company laid off around a fifth of its workers in an effort to stem its mounting losses, but since then it has staged a dramatic turnaround. Its share price has risen from under DM130 to DM214.5 in less than 18 months and there is a growing expectation that the company will come to the market with a rights issue to raise close to DM1bn. (£250m.) some time this year.



Index rose 5.4 to 476.3

The reasons for this recovery in confidence are not hard to find. Yesterday, Audi NSU Auto Union, Volkswagen's large quality car subsidiary, announced that its production rose by nearly a third last year and sales climbed by two-fifths to DM4.2bn. The Volkswagen group has already indicated that its 1977 world production increased by just under a tenth to 2.3m. units, and after recent setbacks it increased its unit sales by close to a quarter in its important U.S. market. Most analysts are expecting that the dividend will be increased from DM5 to DM8, when the VW group reports its 1977 results, and are forecasting earnings of upwards of DM65 per share which puts the shares on a multiple of 3.3 against 8 for BMW Daimler Benz.

The group's conservative rating partly reflects the fact that earnings are unlikely to make much if any headway in the current year, and after the last two years' rapid growth German car registrations are forecast to grow by only 2.5 per cent. per annum between 1978-1980 and 1 per cent. per annum from then on.

Against this background VW has embarked on an ambitious expansion programme, planning to spend DM1.9bn. (£475m.) between now and 1981. Last year it announced a $150m. Eurobond issue along with its 1976 results but its retained earnings are unlikely to be able to meet the balance of its cash needs. So analysts in Frankfurt are suggesting that during the year Volkswagen will have a 1:3 rights issue at a fairly steep discount — the suggested price is DM150.

Courtaulds

The stock market has been looking increasingly kindly on Courtaulds, and yesterday the shares closed at 124p, up 3p, helped by a favourable assessment from brokers Fielding, Newson-Smith. The theme of the bulls is that Courtaulds, newly protected from cheap imports by the Multi-Fibre Arrangement, and standing to gain from an impending rise in British consumer spending, should be regarded as a desirable recovery stock.

Such optimism could well prove premature. The company has certainly sensed a pickup in demand for its consumer products, but this has not yet worked through to the much more important orders for fabrics and fibres. When this demand develops it will probably come suddenly. Yet Courtaulds is not so confident that it dares embark upon a stock-building phase.

In the meantime the company is being forced to face up to what is likely to be a very disappointing second half. Export sales of fibres in the nine months to December can have no more than equalled the sterling figure for the corresponding period of the previous year, implying a reduction in volume and a serious deterioration in margins. Even in foreign currency terms the continued overcapacity in the artificial fibre industry has been squeezing prices hard. To this has been added the effect of sterling's appreciation. Courtalds is in just the sort of high volume, low margin business that is most vulnerable to adverse currency fluctuations. Nor is this all. Strikes must have had an equally grave impact on second half profits, with stoppages and disputes affecting a number of plants during the winter.

In November Courtaulds reported half-time pre-tax profits for the period to Septembe[r] £28m. Although it was des[...] at that time to a profits [...] fall for the full year, it [...] thought that the [...] seasonal improvement in [...] home market would enab[le] to exceed the first half f[...] in the second six months. A[t] time this was interpreted [as] meaning around £70m. pr[...] for the year, and indeed [...] are now incorporating [...] figure in their projections. [...] the combination of strikes, strength of the pound and malaise of the fibres m[...] could well have undermined prediction, and it may now [be] unwise to expect a final fi[...] of much more than £50m.

The market's problem is [...] it may have to digest this a [...] term prospect before it [...] begin to react to the brig[ht] 1978-79 picture of Courta[ulds] enjoying a recovery in the h[ome] market in the shelter of [the] MFA.

Magnet & Southern[s]

Magnet and Southerns' [...] time figures look good in [rela]tion to other timber compa[nies] declarations for the compar[able] period. Admittedly pr[e-tax] profits for the six month[s to] September are fraction[ally] lower at £7.08m., but [the] average fall in profits a[t] other timber concerns (an[d ...] have shown declines) has [...] around 30 per cent.

So far the fall in tim[ber] values, following the peakin[g of] the softwood price in July, [has] been masked by the Ma[gnet] Joinery manufacturing and [re]tailing interests which [have] been contributing around 55 [per] cent. of profits, compared [with] 48 per cent. last year. Howe[ver] Southerns - Evans down[...] from £3.72m. to £3.21m. b[...] the scars of stock losses.

The Magnet side will [have] to shoulder even more o[f the] burden in the second half [as] softwood prices have fallen an estimated 12½ per cent. s[ince] July. Fortunately, reason[able] demand from the home impr[ove]ment market, the upturn [in] private housebuilding, main[ten]ance and repair work f[or] local authorities, plus a f[ull] time contribution from a D[...] acquisition of last Novem[ber] should help the group turn around £1.43m. pre-tax for [the] full year, little changed on 1[976-] 77.

Thanks to this steady outl[ook] the shares at 190p (up 2p) st[and] on a prospective p/e of 8.[...] sizeable premium to the sect[or].

Ethiopia plans 'counter-attack'

BY JAMES BUXTON

ETHIOPIA will soon launch a counter-offensive to drive the Somali forces out of the Ogaden region in the eastern part of the country, a senior Ethiopian official said in London yesterday.

Major Dawit Wolde-Georgis, Permanent Secretary of the Ministry of Foreign Affairs, said that his country would not take part in peace talks until Somalia had withdrawn from all the territory she occupied. He denied a Somali claim that Ethiopia was planning to invade Somalia.

Major Wolde-Georgis said Ethiopia had strongly warned the U.S., Britain, Iran, Saudi Arabia and Somalia "to desist from creating a pretext to internationalise the war of aggression committed by Somalis against Ethiopia."

He claimed that while the Soviet Union and Cuba were giving material help to Ethiopia, no Russian or Cuban military personnel were in Ethiopia.

Russia acknowledged yesterday in a statement that she was giving Ethiopia "appropriate material and technical assistance in repulsing aggression."

A large-scale Soviet airlift has recently reinforced Ethiopia, and there are believed to be about 1,000 Russian military advisers there, with 2,000 Cubans.

But Russia categorically denied that any of her warships or aircraft were involved in the fighting in Ethiopia.

"All these inventions are completely groundless," the statement released by Tass said.

On Tuesday the Eritrean Popular Liberation Front said that two Soviet destroyers were bombarding rebel forces near Massawa, on the Red Sea, and that Russian MiG fighters had been in action in Eritrea.

In London Dr David Owen, the Foreign Secretary, who later had talks with the Ethiopian Government representative, told the Commons that Britain had not yet replied to a request by Somalia for arms to resist what she called an "imminent" Ethiopian invasion. The request would be considered in consultation with Britain's allies, he said. Britain's policy is not to supply arms to either side while the conflict continues.

Britain, which had been working actively for a negotiated settlement to the Ogaden dispute, believed the conflict should be settled in an African context without outside interference.

But the U.K. would be prepared to support an approach to the Security Council "if this seemed likely to help work out a basis for a settlement."

More fighting, Page 4; Parliament, Page 14; Moscow's role, Page 22.

The U.S. said on Tuesday it would not supply Somalia with arms while fighting between Ethiopia and Somalia persisted. In Paris France was thought likely to reject the Somali request as long as she considered Somalia the aggressor.

In Nairobi a member of Ethiopia's ruling military council, the Derg, said that the allegation that there were Soviet and Cuban military personnel in Ethiopia was "imperialist propaganda."

"We don't need foreigners to make our plans or to fight for us," he said. Asked if Ethiopia opposed in principle deployment of foreign troops in Africa, and Ethiopia, he said: "It depends. We have our sovereignty and it's up to Ethiopia to decide."

£10,000 VAT threshold hints

By John Elliott, Industrial Editor

THE GOVERNMENT is considering raising the threshold for payment of Value Added Tax from £7,500 to £10,000 as part of its continuing policy of helping small businesses.

This was revealed yesterday by Mr. Harold Lever, Chancellor of the Duchy of Lancaster, who is co-ordinating the Government's policies on small firms. He was speaking at a conference in Birmingham organised jointly by the Departments of Industry and the Environment to discuss the problems of small firms in inner cities.

The VAT threshold was raised last October from £5,000 to £7,500 as a result of a Liberal amendment in the Commons to last year's Finance Bill. Any further increase is likely to emerge along with other possible measures on small firms in the spring Budget.

Mr. Lever's first package of measures for small firms was announced in last autumn's economic package and he is now studying further ideas.

He said yesterday in Birmingha mthat he wants to simplify VAT administration as well as possibly raising the threshold to £10,000. He is also considering enlarging corporation tax concessions by increasing profit limits.

The VAT threshold applies to the annual turnover of a business and raising it to £10,000 may be regarded as only a relatively minor change by some organisations representing the interests of small businesses, although it is the figure chosen by both the Conservative Party and the CBI as a means of excluding more firms from having to pay the tax.

In Government terms, it would be regarded as a useful contribution, even on a small scale, to easing the problems of small businesses, especially if it were regarded as only one of several tax reforms emerging from Mr. Lever's work.

Mr. Lever was also told yesterday by owners of small businesses that they opposed possible Government plans for a wealth tax.

East Moors closure hinges on pay deal

BY ROBIN REEVES, WELSH CORRESPONDENT

MR. BILL SIRS, general secretary of the Iron and Steel Trades Confederation, last night met union delegates at the East Moors steel plant at Cardiff to discuss terms for the possible early closure of the works, as a contribution towards stemming BSC's losses.

But he stressed before the meeting, that there was no question of negotiations with BSC on a local agreement for early closure of East Moors until his union's claim for a pay increase of at least 10 per cent. for workers has been met. BSC has so far offered only 6 per cent.

Mr. Sirs met only delegates of his own union, rather than representatives of the whole East Moors labour force, in his capacity as chairman of the TUC steel committee. No firm decisions were expected.

Under Lord Beswick's plan for postponing steel closures, East Moors was to continue in production until 1980. Mr. Sirs admitted last night that some members of the Government would like to see it closed "at the earliest possible moment."

He hinted that Mr. Varley, the Industry Secretary, had told him that the early closures were linked with Cabinet approval for new investment in BSC.

As a result of voluntary redundancies, the East Moors labour force has fallen by some 1,400 to 3,300 in the past two years, though reports that large severance payments, possibly as high as £15,000 per man, might be in the offing has halted the drift in recent weeks.

Mr. Sirs said such figures were grossly exaggerated. The calculation is that they could be between £7,000-£10,000, depending on age and length of service.

The union leader accused Labour MPs on the select committee investigating the steel industry of "following the Tory line," particularly by reviving doubts over the Shotton steelworks in North Wales.

He also described as "a shocking state of affairs," the decision of GKN to import steel billets from Canada at the expense of East Moors.

Government plans to cope with tanker-driver strike

BY NICK GARNETT, LABOUR STAFF

GOVERNMENT ADVISERS are now adding the finer details to contingency arrangements made in case of a tanker drivers' strike.

The arrangements, geared to protecting people who would suffer most by severe fuel shortages, are designed to be flexible enough to meet a threat which could range from fragmented disruption to nationwide stoppage.

The Government believes that, although a drivers' national strike would not lead to the kind of dislocation expected from a power workers' shutdown, it would severely disrupt the lives of many people and possibly cause considerable hardship to some groups.

So seriously is the threat taken that there have been joint ministerial meetings, and a team drawn from a number of departments has been working on the contingency scheme.

Plans are understood to be based on the transport of fuel, possibly by military tankers, from oil depots to specific fuel distribution centres. Priority would almost certainly be given to maintenance of the postal system, transport including ferries, airports, schools, hospitals and flatblocks, and some Government buildings.

In the event of severe shortages, motorists would have to prove "essential use" of vehicles, but it is thought that formal fuel rationing, using coupons, has been ruled out.

Meetings between oil company officials and shop stewards representing the drivers, who are claiming pay rises of about 30 to 40 per cent., are expected within the next two weeks.

News analysis Page 15

County asks 37 questions

THE POPULATION of Lincolnshire have been asked to fill in a form with 37 questions on the future of the county to help its planning department.

The county council said yesterday that its population had increased by 25,000 in four years, and between 1966 and 1975 jobs increased more rapidly in Lincolnshire than elsewhere in the region. Between 60 and 70 per cent. of households owned a car, compared with 52 per cent. nationally. Jobs in agriculture had fallen by a third since 1961.

Great Northern at final stage

THE FINAL stage of the £66m. Great Northern line electrication scheme will be reached on February 6, when electric trains will begin full operation from London to Royston, Herts.

The 90 mph trains will have shorter journey times and better connections, British Rail said yesterday.

Continued from Page 1

Chrysler

Detroit. There have been fears that the company's operations have not been fully enough integrated with its French activities.

The planning agreement working party said last night that meetings would be sought with the department to consider the implications of the Chrysler decision.

The move clearly reflects the concern of the Linwood shop stewards about the long-term future. The recent improvement in the plant's troubled industrial relations appears to have come too late.

In the short term the employment implications for Linwood of the loss of the new car are not important. Jobs for the 7,000 production workers are assured because of the success of the new small car, the Sunbeam, which was launched last autumn. Production is scheduled to be increased sharply, as the car is launched progressively in European markets.

But by 1980 the other model produced at Linwood, the Avenger, will be ten years old. Pressure will clearly be on the plant to prove that it can justify further investment.

Bank of England has lost £5m. in rescue moves

BY MICHAEL BLANDEN

LOSSES actually sustained so far by the Bank of England as a result of its involvement in the fringe bank lifeboat and other support operations have totalled about £5m.

Mr. Gordon Richardson, the Governor, disclosed this yesterday in reply to questions from the House of Commons Select Committee on the nationalised industries.

These and further potential losses have been reflected in the provisions made by the Bank in its annual accounts. The provisions have totalled over £40m. in the past three years, reaching £16.16m. in the Bank's latest year to February, 1977.

The Governor pointed out that even these figures understated the amounts provided, since they were shown net of other provisions, particularly in the Bank's gilt-edged book, which had been released as no longer required. But he stressed that the problem could have been much greater if the Bank had not acted to prevent a collapse of confidence.

He added that the further increase in the provisions had reflected particularly substantial amounts allowed for the Bank's involvement in Slater Walker.

This was one of two companies, with Edward Bates, where the Bank had undertaken help on its own, rather than as a part of the joint lifeboat operation—with the London and Scottish clearing banks—set up at the start of the fringe banking crisis at the end of 1973. This was done at the Bank's instigation to prevent the spread of a "contagion of fear," Mr. Richardson said.

At its peak the amount of support involved in the secondary bank rescue operation came to some £1.25bn.-£1.3bn., the Governor said. It had now come down to slightly more than half and the greater part was accounted for by two institutions.

Giving new details of the lifeboat operation, the Governor confirmed that after it had started, the clearing banks had put a limit of £1.2bn. on the amount they were willing to see undertaken by the joint support group. The Bank's share of this was 10 per cent., though at the peak the Bank had also given some temporary and modest support itself outside the group.

The joint control committee of the lifeboat had approved support for 26 companies, of which 18 were still trading either in their original form or after reconstruction or absorption by other companies. The other eight had been put into receivership or liquidation.

Mr. Richardson strongly defended the Bank's decision in December 1973 to call the clearing bank chairmen together and set up the support operation.

He stressed that it was vital not only to protect depositors but above all to maintain confidence in the deposit-taking and the banking system. It was essential to avoid a growing crisis of confidence which would involve not only the secondary banks but the primary banking sector.

The Governor drew the attention of the sub-committee headed by Sir Donald Kaberry, to the rumours and uncertainties affecting banking markets in 1974 and the extension of the problems to the international scene after the collapse of the West German Herstatt group.

Weather

SLEET or snow will move eastwards, but Scotland will be mainly dry.

London, S.E., E., Cent. N. England, Borders
Cloudy, dry at first, sleet or snow spreading east. Max. 2-3C. (36-37F).

Cent. S., N.W. England, W. Midlands, Lakes, I. of Man, S.W. Scotland, Glasgow, Argyll, N. Ireland
Cloudy, sleet or snow at times. Max. 3C (37F).

Channel, S.W. England, Wales
Sleet or snow, turning to rain at low levels, brighter later with scattered showers. Max. 5-7C (41-45F).

N.W. Scotland, Edinburgh, Dundee, Aberdeen, Cent. Highlands, Moray Firth, N.E. Scotland, Orkney, Shetland
Mostly dry, bright intervals. Max. 3-5C (37-41F).

Outlook: Mostly cold with some sleet or snow, becoming brighter.

BUSINESS CENTRES

	Y'day Mid-day	°C	°F		Y'day Mid-day	°C	°F
Amstrdm.	F	6	43	Madrid	S	5	41
Athens	C	11	52	Manchstr.	C	1	34
Bahrain	S	18	64	Melbourne	C	19	66
Barcelona	S	8	46	Mexico C.	S	19	66
Beirut	F	24	74	Milan	R	3	37
Belfast	C	0	32	Montreal	Sn	—7	19
Belgrade	S	4	39	Moscow	S	—12	10
Berlin	C	3	37	Munich	C	0	32
Birmghm.	S	—2	28	Newcastle	S	1	34
Bristol	Fg	—3	27	New York	C	2	36
Brussels	S	4	39	Oslo	C	2	36
Budapest	C	0	32	Paris	C	3	37
B. Aires	S	32	90	Perth	F	32	90
Cairo	C	19	67	Prague	C	0	32
Cardiff	C	0	32	Reykjavik	Sl	3	37
Cologne	R	3	37	Rio de J'o	S	27	81
Copnhagn.	Sn	1	34	Rome	C	12	54
Dublin	C	3	37	Singapore	S	29	85
Edinburgh	S	—1	30	Stockholm	C	2	36
Frankfurt	C	1	34	Strasbrg.	C	2	36
Geneva	Sn	1	34	Sydney	R	21	70
Glasgow	S	—2	28	Tehran	S	5	41
Helsinki	C	—2	28	Tel Aviv	S	25	77
H. Kong	C	10	50	Tokyo	Sn	1	34
Jo'burg	C	26	79	Toronto	S	—10	14
Lisbon	C	11	52	Vienna	C	—1	30
London	S	2	36	Warsaw	S	—3	27
Luxembrg.	C	2	36	Zurich	C	0	32

HOLIDAY RESORTS

Ajaccio	C	11	52	Istanbul	R	5	41
Algiers	C	11	52	Jersey	S	3	37
Biarritz	T	5	41	Las Plms.	C	17	63
Blackpool	F	0	32	Locarno	R	2	36
Bordeaux	C	6	43	Majorca	C	9	48
Boulogne	F	2	36	Malaga	S	12	54
Casblnca.	C	14	57	Malta	F	15	59
Cape Tn.	S	24	75	Nairobi	C	19	66
Corfu	C	13	55	Naples	C	12	54
Dubrovnik	F	13	55	Nice	C	9	48
Faro	S	12	54	Oporto	C	7	45
Florence	C	8	46	Rhodes	F	18	64
Funchal	F	16	61	Salzburg	C	1	34
Gibraltar	S	13	55	Tangier	F	13	55
Guernsey	F	4	39	Tenerife	C	12	54
Innsbruck	S	3	37	Valencia	S	11	52
Inverness	S	3	37	Venice	F	4	39
Is. of Man	C	4	39				

C—Cloudy. F—Fine. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.

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